PERFORMANCE AUDIT REPORT

JAMAICA

EDUCATION PROGRAM PREPARATION AND STUDENT LOAN PROJECT
(LOAN 2899-JM)

June 13, 1997
Currency Equivalents (annual averages)

Currency Unit = Jamaican Dollar (J$)

1987  US$1.00  J$5.50

Abbreviations and Acronyms

ICR  Implementation Completion Report
JHSCE  Junior High School Certificate Examination
MOE  Ministry of Education
M&E  Monitoring and Evaluation
OED  Operations Evaluation Department
PAR  Performance Audit Report
ROSE  Reform of Secondary Education
SAR  Staff Appraisal Report
SLB  Student Loan Bureau
SVPOP  Senior Vice-president for Operational Policy
TA  Technical Assistance
USAID  United States Agency for International Development

Fiscal Year

Government: April 1 - June 30
MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

SUBJECT: Performance Audit Report on Jamaica Education Program Preparation and Student Loan Project (Loan 2899-JM)

Attached is the Performance Audit Report prepared by the Operations Evaluation Department (OED) on the Jamaica Education Program Preparation and Student Loan project (Loan 2899-JM for US$8.3 million equivalent). The loan was approved on December 12, 1988 and closed on December 31, 1994 after three 12-month extensions and with cancellation of US$1.3 million. Comments received from the Borrower are reproduced as Annex B.

The project combined two separate components and it was this two-in-one approach that proved problematic for project implementation and outcomes. The original project's aim was to prepare and evaluate options for restructuring and expanding access to lower secondary education (grades 7-9). The project was to refurbish 20 of the country's small and underprivileged all-age primary schools into larger, more cost-effective units and to try out a new curriculum with them. The loan also provided technical assistance (TA) for studies to develop a secondary reform action program and fellowships to strengthen sector capabilities. The objective of the additional, smaller component, appraised two years later, was to develop a cost-recovery plan for higher education, combined with targeted loans to low-income students. The component was to provide a quick-disbursing fund (US$2.6 million) to recapitalize a student loan program as well as TA for an independent study of the Student Loan Bureau’s administration. The borrower was bound by the legal agreement to take specific actions to strengthen the loan scheme.

An uneven implementation performance by the borrower and a patchy supervision performance by the Bank are attributable to the two-in-one project design that stretched the borrower's capabilities across two different components and different project management agencies. Despite severe economic and budgetary difficulties and the disruptions of Hurricane Gilbert, the original component developed and managed by the Ministry of Education enjoyed good support from the government and the Bank. The secondary education component, especially the participatory curriculum development and the TA program, were well managed despite delays due in part to an unrealistic timetable. Nevertheless, the pilot school facilities remain unfinished and consequently the introduction of the new curriculum in the schools was not fully evaluated as planned. In contrast, the student loan component suffered from relatively weak support on the part of borrower and the Bank and was not implemented. After the once-off disbursement of the funds for the student loan program in 1988, the borrower failed to carry out the actions mandated in the loan agreement and the Bank failed to take remedial action.

Outcomes were similarly uneven for the project's two components. For the educational component, the successes were substantial. The new curriculum developed was of good quality but the funds for school refurbishment and maintenance for technical support to teachers and for much-needed instructional materials may not be adequate as the program expands across the country. For the student...
loan component, the only positive outcome was improvement in student loan collection. However, in the long term, the failure of this component encouraged a radical overhaul of the loan scheme, a reform that began on a sounder basis in the mid-1990s.

OED rates the project's outcome as satisfactory and institutional development as modest, as at project completion. The outcome is rated as satisfactory because of the successes of the larger component. However, OED rates the overall project outcome as only marginally satisfactory at audit because of the serious failure of the smaller component. Bank performance, on balance, is rated as satisfactory because, despite flaws in project design and supervision performance, it gave constructive support to sectorwide strategy formation in both secondary and higher education. OED rates the sustainability of the project's benefits as unlikely because of the continued inadequacy of funds to maintain and improve project institutions without external and community support.

The project experience suggests several lessons for the borrower. First is the need, after loan closure, for an action program to ensure the continuation of benefits from the investments in project schools and a positive impact on wider reform initiatives. Elements of the program are: realistic assessment of operational and maintenance funds needed for schools to implement the curriculum; timely provision of resources from government and community; resistance to pressures to enlarge the schools prematurely; establishment of baseline data to measure students' performance; and encouragement of teacher and community participation in developing the reform program. Second is the need to weigh the modest fiscal benefits of the project against the high overall transaction costs of committing to legal covenants that borrower agencies cannot realistically meet. Third is the need to insist that the Bank approve a realistic and simple project design. The project experience also identifies several lessons for the Bank. The first is the need to provide realistic preparation and implementation time for innovative project components. The second is for the Bank to resist adding on more fragile components to an existing, robust component for reasons extraneous to the original project's objectives. The third is to support the development of institutional capacity through institutional analysis, the setting of measurable institutional performance targets and the creation of incentives to encourage behavior changes.

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## KEY STAFF RESPONSIBLE

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<td>Douglas Keare</td>
<td>Miguel Schloss (Acting)</td>
</tr>
<tr>
<td>SLB component</td>
<td>Donald Holsinger</td>
<td>Douglas Keare</td>
<td>Rainer Steckhan</td>
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<td>Katherine Marshall</td>
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<td>Completion</td>
<td>Jill Armstrong</td>
<td>Julian Schweitzer</td>
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PREFACE

This Performance Audit Report (PAR) produced by the Bank’s Operations Evaluation Department (OED) focuses on Jamaica’s Education Program Preparation and Student Loan project, financed by Loan 2899-JM for US$8.3 million. The project was to be the basis for a subsequent Bank-borrower partnership in developing a secondary education reform strategy.

The project started off rapidly but slowed down dramatically after appraisal. The Bank identified the project in 1985 and the loan became effective in 1988. The borrower was to complete the project by 1991. After 85 percent of the loan had been disbursed, the Bank extended the original closing date three times so that delayed activities and reimbursements could be completed. However, when the loan finally closed in December 1994, these actions had still not been taken. The government must now use its own resources to complete the project activities as well as continue operating the project schools.

Despite the delays, the project was successful in achieving most of its planned outputs, as the Bank’s Implementation Completion Report (ICR) records. But at project completion, only half the story behind the project’s evolution had emerged, in part because the outcomes of educational reform take a long time to mature and in part because the ICR left some gaps in its generally candid analysis. While it reported on the project’s successes and the implementation factors that contributed to the failure of the student loan component, it did not fully explore the project’s quality at entry, the substantial achievements in secondary education, the Bank’s performance and risks for sustainability for project institutions. The audit report fills in these gaps and identifies some actions that would help sustain the project’s benefits.

Sources for the report include the ICR (World Bank Report 14975, September 22, 1995), the Bank’s Staff Appraisal Report (SAR), the President’s Report and project files. An OED mission to Jamaica in November 1996 held interviews with government officials, teachers and students as well as Bank staff associated with the project and its successor operations. Ideally, the report would have taken into account the insights of some former Bank and project staff who are no longer accessible. The author’s thanks and appreciation go to the many people who generously shared their time and their views and experience.

Following OED procedures, copies of the draft PAR were sent to the relevant government officials for their review and comments. Comments received have been incorporated into the PAR and reproduced as Annex B.
1. Introduction

1.1 The Education Program Preparation and Student Loan project for Jamaica had two separate components and should probably have been two separate projects. Although the two-in-one design did eventually allow some advances in the Bank's partnership with the borrower in developing the education sector, it had some negative consequences for project implementation and short-term success. While the component aimed at reforming lower secondary education was relatively successful, the component aimed at strengthening a loan scheme for students in higher education was not. And despite positive developments for the educational component, a decline in support for the project schools could put their sustainability at risk.

1.2 These themes—the two-in-one project design and the sustainability issue—are developed in Chapters 2–5. The audit focuses mainly on the educational aspects piloted under the project and not on the student loan component, with which the ICR dealt comprehensively. Chapter 2 discusses the evolution of the project's design and objectives and their influence on project performance and outcomes. Chapter 3 reassesses some aspect of project implementation and Bank supervision. Chapter 4 discusses the project's impact since 1994. Chapter 5 summarizes OED's findings on the project's performance and identifies areas for remedial action to help sustain project benefits. The current chapter emphasizes how the economic, public sector management and educational context shaped the project's original objectives and content.

Background

1.3 Economic and public sector management. A difficult environment influenced the project's evolution. The Bank identified the project in early 1985, when a weak economy, fiscal deficits and an economic adjustment program had hit public education hard. Substantial declines in Ministry of Education (MOE) expenditures in real terms had been eroding the ministry's capacity to maintain the education system. In terms of the project, then, the government was concerned with funding and the Bank with waste, management inefficiencies and cost-effectiveness. These factors put at risk the MOE's ambitions to widen access and sustain the quality of public education and training, especially at the postprimary level.

1.4 Problems in secondary education. The MOE's dialogue with the Bank focused on the secondary level, as Jamaica's school system had expanded rapidly at the basic level but not farther up. Since before independence, only a minority of primary school graduates have competed well in the common entrance examination that determines who wins the scarce places in good secondary schools. "Failure" at this point pushes children off the rungs of the educational ladder and reduces their opportunities for higher education, advanced training and better jobs and incomes. This situation represents a financial loss to households and a constraint on economic development.

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1. The Bank's identification mission in early 1985 noted that Jamaica's educational expenditures, at 6.5 percent of GNP, were higher than in comparable countries. However, the results in terms of access to and quality of education and training were no better.

2. The basic level of education comprises grades 1–9. It is now divided into primary education in grades 1–6, and lower secondary in grades 7–9.
1.5 The structure of the school system has reinforced cleavages in society. Children from middle-class households go to better primary schools and win access to better secondary schools. Children from poorer and rural households, who are more often the primary school “failures,” continue in grades 7–9 of the 500 or so all-age schools. Unlike the traditional academic and technical schools, these village facilities are ill equipped to teach the secondary curriculum, especially science, technology and topics requiring abundant reading and reference materials. More than half the students in all-age schools leave without learning to read. Moreover, underprivileged children suffer disproportionately from poor health, the effects of drug abuse and other social problems. Without adequate parental support, they may lack the study habits and disciplined behavior that would make them welcome in traditional secondary schools. All these factors converge at the grade 7–9 level, when students prepare for and take the entrance examination for secondary school.

Rationale for a Project in Lower Secondary Education

1.6 Because lower secondary education was a lever for reform for the entire education system, there was good justification for the Bank to help the country widen access to grades 7–9 and improve the quality of the teaching. Other donors participated in primary education and sector planning and management. A Bank-assisted project would build on the MOE's recent collaboration with the United Nations Educational Scientific and Cultural Organization (UNESCO) in sectoral analysis on issues of educational access, equity and quality. The MOE's commitment was high. The Bank intended its contribution to help develop cost-consciousness and school effectiveness and to pave the way for subsequent collaboration.

1.7 Integrated components. A self-standing project in secondary education made sense. It would allow the MOE to concentrate on managing reform as a package of integrated and well-sequenced activities. The integrated package would combine a new common secondary curriculum, new forms of teacher training, new instructional materials and student assessment, and school supervision. Grades 7–9 in all-age schools would be upgraded to lower secondary level. Dilapidated schools were to be refurbished to accommodate libraries and science laboratories. The project was to pilot the new curriculum and school structure on a small scale and strengthening the MOE's capacity to plan and manage a countrywide reform. However, Bank reviewers were concerned that the project was too ambitious. They emphasized the need for a project monitoring and evaluation (M&E) component to help test the reform options and supported staff recommendations that the project should include community cost-sharing in school maintenance, although this last was a late addition not fully discussed with the borrower.

1.8 Plans for early Board presentation. The Bank appraised the original project in July 1985. It was rapidly prepared and fairly well conceived. To speed loan processing, the project staff proposed that the President's Report replace a full appraisal report and that the project be of a size that the country could handle. The estimated loan size was US$6 million; project costs totaled US$11 million. However, after appraisal the government indicated that it would need additional external financing and that USAID was likely to cofinance the project.

3. Respectively, the Inter-American Bank and the United States Agency for International Development (USAID). Canada and the United Kingdom also made contributions to the sector.

4. It makes no sense to change the curriculum if different types of schools do not have the same capacity to deliver it because teachers' qualifications vary and students have different access to coaching for the examinations.
2. Project Design and Quality at Entry

2.1 Project design reassessed. Four factors forced the Bank’s project staff to reassess the project’s scope and size: the country’s increasing debt and fiscal burden as the loan approached; the government’s shortage of funds for the project when the cofinancier withdrew; the Bank’s reluctance to increase the size of the proposed loan; and Bank management’s concerns about the project’s quality.

2.2 The project on hold. The reassessment was prompted by the Bank’s acting Senior Vice-president for Operational Policy (SVPOP) who was also acting chair of the loan committee. He raised concerns about the MOE’s capacity to manage the project and solve complex and sectorwide problems. He refused to consider a staff proposal to increase the size of the loan by US$2.8 million in order to reduce the government’s share of project costs to 20 percent. His stance seemed vindicated, as teacher strikes and community unrest postponed the anticipated government action to strengthen sector management. At this stage, the project’s prospects looked poor.

2.3 A new rationale. An unexpected government action and the agility of the Bank’s project staff in seizing an opportunity salvaged the project. The government unexpectedly and courageously imposed student tuition fees as a way to reduce the budgetary burden of higher education. This was a step toward channeling public subsidies away from higher education to basic education, where the social returns are highest. But according to a Bank economist sent to analyze the situation, the demand for student loans would exceed the funds available, and real interest rates were too low to cover the expenses of the Student Loan Bureau (SLB), a semi-autonomous public agency established in 1970. Moreover, the SLB’s managerial skills and loan collection efficiency were poor. Bank staff saw in this situation an opportunity to provide urgently needed funds to the government and to address the complex sector issues to which the SVPOP had referred.

2.4 A new design. Staff rapidly proposed a student loan program component. The Bank loan was to provide quick-disbursing funds of about US$2.6 million, which the government would transfer as a grant to the SLB fund. Financing for a preservice teacher training component would be reduced by about the same amount. Bank staff added a study on education sector financing and unit costs as the bridge between the secondary and higher education components, despite the MOE’s hesitation. Staff presented the new two-in-one proposal to Bank management with the justification that the project would generate additional benefits. It would not only address sectorwide issues but help rationalize sector strategy, have a positive fiscal impact, and contribute to poverty alleviation. Board presentation had slipped five months.

2.5 It was to slip yet again, however, and for substantial reasons. The acting SVPOP saw the sector’s problems as very serious and the project as very modest and had grave reservations about financing student loans before a decent loan scheme was in place. The acting project

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5. The Bank originally planned for negotiations in March 1986 and for Board presentation in May 1986.
7. The Bank finally approved a larger loan of US$8.3 million to accommodate price inflation. The fact that SLB fund was to be roughly the same as the size of the lost cofinancier’s contribution suggests that its size was a convenient means of raising the Bank contribution to near its previous level.
adviser and others also criticized the operation’s justification and the weak coordination of planning and management arrangements, especially because of the MOE’s poor record in accounting and auditing. Project staff responded by expanding the cost and financing study and proposing remedial actions for the MOE and the SLB as conditions of effectiveness. A period of frustration and delays on both sides followed as the government attempted to satisfy the Bank on the efficiency of student loan collection procedures. The original secondary component and the proposed reforms remained on hold. In January 1988, 16 months later, the Bank presented the two-in-one project for Board approval without issues raised. In May, the project division chief made a day visit to Jamaica, carrying back to headquarters the documents required to meet the effectiveness date. The project was at last poised for implementation.

Revised Objectives and Components

2.6 Educational component. The project’s final design kept the secondary education component intact as an integrated set of activities. The “fundamental purpose” was “to prepare and evaluate options for an education rehabilitation and development program adapted to the country's educational, economic and budget realities,” with special emphasis on grades 7–9. The component had two objectives: to evaluate on a small scale cost-effective options for restructuring secondary education, and to help develop programs and institutions that would make the education system more efficient and cost-effective. The first objective was supported by a pilot program consolidating about 20 small all-age schools into larger, more cost-efficient units for grades 7–9 and providing 40 new classrooms. The second objective was supported by a pilot to develop and test a new lower secondary curriculum by developing prototype teachers’ guides and instructional materials; conducting short, in-service workshops to train teachers; implementing the new curriculum in pilot schools; and supporting the school principals and teachers with technical advisers and supervisors. Studies on reform in secondary education, school administration, maintenance, and costs and financing were to provide inputs to the reform strategy that the government would present to the Bank by 1990. The MOE was to upgrade technical capacity in the school and teacher training system through a staff fellowship and training program and computers for its planners’ database.

2.7 The student loan program component. The student loan program for higher education was designed to help the government develop a cost-recovery policy in postsecondary education and to assure low- and middle-income students continued access to higher education. The project provided very little direct support for these objectives apart from financing for an independent study. The government was to abide by legally binding agreements to improve the efficiency and effectiveness of the SLB's administration and, by 1989, to present to the Bank a program of legislative or administrative reforms to strengthen loan collection. Unaccountably, given the component’s complexity and the tight schedule, the project did not make provision for Technical

8. However, as the ICR points out, the loan agreement did not include the SAR recommendation that real interest rates on student loans be kept at positive levels.

9. Bank staff argued that the ongoing Second Technical Assistance project and a proposed administrative reform program would help strengthen the MOE’s management capacities. See Annex.

10. SAR para. 2.2.

11. The four new “junior high” schools were all in one parish serving urban, semi-urban and rural communities. Indicative of the low priority for the maintenance of school facilities is the fact that less than half the project schools set up maintenance committees by project completion and staff training planned did not occur.
Assistance (TA) and training. Indeed, the Bank's only really significant contribution was to be the rapid disbursement of funds.

**Project Benefits and Risks**

2.8 The SAR anticipated several benefits from the main educational component. The outcomes of the studies and experiments would help the government develop an educational strategy and investment program responsive to needs and resources. In the process, the project would help increase the MOE's planning, operational and managerial capabilities. The risks anticipated were that the strategies for development, particularly the results of the studies, might not be integrated into the sectoral plan and that the cost-recovery measures might be suspended for political reasons. The benefit of the student loan component was that it would support the government's objective of reducing subsidies to higher education while enabling low- and middle-income students to continue their education. Discussing ways to counter the risks of deviation from these policies, the SAR stated that the government's commitment to improving the efficiency and productivity of the education system was high, that the Bank's strategy in Jamaica emphasized institutional development and the improvement of public administration and that the project and resulting plan for the education sector were an integral part of the strategy agreed to by the Bank and the government.
3. Project Implementation

3.1 The two-in-one division of project management had few negative consequences for the implementing agencies in day-to-day work, because the components were structurally unrelated. The MOE succeeded admirably in carrying out important activities on the studies and secondary curriculum. Its failures in coordinating and fully supervising the school building program were serious, but, as the ICR records, many of the defects were attributable to other agencies. The SLB succeeded in continuing routine lending and collection procedures, but the borrower did not take the other steps planned to improve the student loan scheme.

Project Management Arrangements

3.2 The project's management arrangements mirrored its two-in-one design. The MOE project unit and the SLB formed two separate implementing agencies for the project. A legal agreement governed both components, and a subsidiary agreement also governed the SLB. The two units had different reporting arrangements, two separate accounting systems and two firms of independent auditors. Their need to collaborate was minimal.

3.3 In the two implementing agencies, the two-in-one division was a minor concern compared with the daily pressures and continued fiscal and budgetary constraints reported in the ICR. The SLB communicated directly with the Bank. In addition, the MOE had to communicate with its various internal committees and participating units and parishes, the Ministry of Finance, the Faculty of Education at the University of the West Indies and the teacher training colleges, as well as the TA firms and consultants. Its most protracted problems, as the ICR made plain, were coordinating with the Estate Development Commission and later with the National Housing Corporation, which were responsible for school construction.

Compliance with Legal Covenants

3.4 Covenant compliance under the student loan component. The ICR gave two reasons for the borrower's failure to comply with almost all the loan covenants for this component—the late addition of the component and the uncertain financial viability of the loan scheme was even after the original appraisal.12 The underlying problem, however, was the main stakeholders' concerns about political risks, especially those entailed in reducing public subsidies to university students. Under pressure to expedite the loan, the borrower appears to have decided to sign the legal agreements despite the possibility that they would be unworkable. However, this fact does not excuse the inefficiencies in record-keeping and accounting that the ICR noted.

3.5 Covenant compliance on project accounting under the educational component. In the educational component, there were no special covenants because the MOE was fully committed to a reform strategy and the covenanted plan. However, the efficiency of project accounting remained unacceptable. The MOE failed to comply with the requirement to appoint a qualified accountant until mid-1992, in part because it did not pay enough attention to this aspect of project administration and in part because of the wider problems of recruiting staff in public service agencies. Throughout implementation, the MOE failed to comply with covenants

12. ICR, para. 10.
requiring project accounts to be in good order. The audit mission found a state of affairs that appears to have changed little from that reported in the SAR a decade earlier. In 1985, at the completion of the Third Education project, the project’s independent auditors reported that “unsolved weaknesses” remained in the system of recording and filing internal information. Further, an Auditor General’s report for 1983–84 refers to arrears in the MOE’s accounting records and weaknesses in the system of internal control. These deficiencies amount to carelessness in the use of public funds. In 1985, the ICR repeated criticisms of serious deficiencies in project accounts (in both implementing agencies) because of the cumbersome government accounting system and the lack of qualified accountants.

3.6 In 1996, two years after the loan account was closed, the MOE’s handling of the accounts for the counterpart funds for project commitments was still deficient. There was continuing disorder in the files. Double-entry book-keeping had not been used, project expenses were not always separated from others, and bills for project goods and services were still outstanding. Creditors had pressed unsuccessfully for payment, including a local intermediary for an international textbook firm, staff previously with the project and the independent audit firm. The MOE had not pursued the matter expeditiously with the Ministry of Finance, receiving authority to make these payments from the annual budget only in late in November 1996. The fact that the local dollar amounts owed to creditors was less than J$2 million does not excuse the lack of diligence on the borrower’s part.

3.7 Independent auditing of MOE project accounts. The MOE apparently took the view that, once the Bank had closed the loan account, the ministry no longer had a pressing obligation to pursue independent auditing for the counterpart funds. The independent auditors frequently submitted the reports late despite the Bank’s complaints, but the delays appear to have originated in the MOE and Ministry of Finance. In 1992, the Bank threatened to suspend loan disbursements. Action often resulted only when the borrower needed to meet requirements for loan extensions. At closing, the auditor’s report for the period March 1993–94 was reportedly submitted at the last minute but was not available in the MOE. At the OED mission’s request, the auditors readily supplied six copies, including the full financial statement. The problems continued after loan closure, when commitments remained to be paid from counterpart funds. However, the audit firm could not finalize the audit report for the period March 1994–February 1995 because it had not received a response to its request to the MOE in April 1996 for data on project commitments and expenditures from the counterpart budget.

13. SAR, Annex XVII.
15. The MOE is reportedly one of the ministries with major problems and follow-up operations address them. An issue outstanding after the Bank loan account closed was counterpart funding for remaining school construction. The ICR documents the protracted contractual problems for the school building component. The final cost for the self-standing junior high school facility was J$61 million (approximately US$971,000) in 1996 prices, J$8 million over the estimated cost at the end of 1994.
16. The authority covered three projects including the Social Sectors Development project.
17. One interviewee familiar with the ministry and the project unit hypothesizes that the problems are due to the traditional view of education as a free public service rather than to a deficiency of technical skills.
Implementing the Studies

3.8 The studies were important to future education strategy, and the MOE successfully implemented all but one, though with a one-year delay. All the studies reviewed used good research methods and addressed the key issues, despite some data deficiencies. The generous loan funds for TA for the studies were used well: the experts did their best to show senior MOE officials how to manage studies and worked with them on the analysis. The execution of the student loan component study did not win similar praise because the consultants worked in isolation from the SLB. The OED mission searched for the school maintenance study, which the MOE reported had been completed in 1992. MOE officials appeared unfamiliar with the study, and one of them surmised that the only copy had probably been lost. Given the scope and complexity of the topics under the educational component, the one-year delay in developing the draft reports on a tight schedule was not unreasonable. Nevertheless, there were deficiencies in the final stages. Reviews by the MOE committees were lengthy and project funds for typing and physical production scarce. The final versions were available later than planned and most of the texts were bulky, academic, detailed and formidable to read.

Monitoring Progress and Evaluating Results

3.9 The project design did not include a thoroughly prepared M&E mechanism. Hence, although the studies contained material relevant to sector strategy development and the consultants' terms of reference had included some support for evaluation activity, much of the work on the experimental programs did not get done. Furthermore, delays in building the schools and in introducing the curriculum meant that the evaluations were largely overtaken by events, so that the follow-on operations were designed before the lessons from the project became available. 18

3.10 The original project proposal did not detail a plan for evaluating school and curriculum effectiveness. And the project did not adopt the idea until late. However, the absence of a thoroughly prepared evaluation mechanism for the pilots, including baseline data and outcome indicators, was a deficiency that became increasingly apparent to MOE staff and consultants as the project progressed. They made efforts to begin tracking student performance and by 1995 had made some evaluations of three cohorts. But the need for funds to finish the school facilities and provide teaching materials and support for the schools had first priority. 19 As a result, opportunities to set up quasi-experimental evaluations of school effectiveness were lost. The project was unable to deliver robust findings about the relative effectiveness of different types of school and curricula, including classroom variables such as teaching methods and materials for enhancing the performance of students from different backgrounds. Thus, the follow-on project, Reform of Secondary Education (ROSE), which was appraised in March 1993, relied heavily on the policy studies and the views of MOE specialists as much as scientifically credible evidence and analysis. It does attempt to fill the gap by evaluating of student performance on the common curriculum in different types of schools.

18. Later, tracer studies tracked the progress of student cohorts into upper secondary schools and made specific policy recommendations that were implemented.

19. As late as 1991, the Minister of Education asked the Bank for a reallocation of loan funds (US$750,000) to finance implementation of the pilot curriculum in schools. He pointed out that this needed to occur before the follow-on loan began disbursement in June 1993.
Bank Supervision

3.11 The separate sets of project implementation arrangements negatively influenced the borrower's oversight of the entire project and even more negatively influenced the Bank's supervision. For most of the project's first two years, the stops and starts in the educational component preoccupied the Bank. At the end of 1988, the prices of materials and labor surged when Hurricane Gilbert hit the island, drawing resources away from the project. In January 1989, the government ratified the MOE's sector policy statement and programs, and the project finalized two large TA contracts. By 1990, the Bank had begun arranging the first loan extension, as delays in the curriculum activities and school construction had become serious. In all this time, as the ICR records, the Bank neglected supervision of the student loan component.

3.12 Bank staffing. Why did the Bank distance itself from the student loan component during supervision after so much effort during preparation, especially considering the program's potential significance to sector financing and budgeting? The answer lies in the Bank's staffing of the project during the critical early years (Box 3.1). Staff changed frequently, and most of those assigned to the project had little experience with student loan programs. After 1988, the Bank's appreciation of the importance of the covenanted actions required of the borrower appears to have faded. As the ICR states, once the Bank disbursed the student loan fund, it limited its reporting to the loan recovery rates. According to the ICR, staff time spent on supervision amounted to 84 percent of the original plan, but U.S. dollar costs were 70 percent lower than planned.20 Either the costs were greatly overestimated or the Bank cut corners on supervision staff.

3.13 Bank assessments of covenant compliance. Bank supervision reports never rated the project's management efficiency, audits and accounts as more than mildly problematic, and the ICR assessed the borrower's compliance with covenants as satisfactory. In addition, the ICR incorrectly reports full, though delayed, compliance on the covenant to set up maintenance committees in project schools (box 4.2). In light of the evidence discussed above, the Bank appears to have been overly forgiving of borrower lapses and misguided in its favorable assessments of the compliance issue.

20. ICR, Part III, Table 10.
Box 3.1: Bank Staffing Turnover and Supervision

The ICR was correct in noting that, despite the impact on the sustainability of the student loan component, the Bank never really assessed compliance with covenants during project implementation. The explanation for the Bank's behavior lies in the disruptive way the Bank deployed staff skills over the nine years of the project. In 1986, a Bank economist managed the identification stage for the student loan component. Another economist new to the Bank did the analysis of the ongoing scheme's shortcomings. A new task manager (another economist) took over shortly thereafter. In early 1987, an education sociologist, to be joined by a technical education consultant, took over for a one-week appraisal in country. He reported back optimistically. Later in the year, during the prelude to negotiations, a major Bank reorganization shuffled managers and staff. The regional, departmental and divisional management changed. Senior acting managers unfamiliar with the project took over, raising new and legitimate questions and initiating a period of protracted preparation in response to their concerns. In 1988, at loan effectiveness and for a year thereafter, the new division chief provided continuity. A consultant made short but frequent visits to the country to help with implementation problems in the MOE but did not get involved in the intricacies and sensitivities of the loan scheme, with which he was unfamiliar. In 1989, a new task manager (a human resource economist) took over. She deepened the quality of reporting on sectorwide financing and cost issues, and the quality remained high in subsequent years. But as three more staff members succeeded one another, they remained virtually silent on most student loan covenant issues.

a. The terms of reference were for a "post-appraisal." The Bank was also exploring the possibility of a technical education project that had been dropped from consideration as a component of the project in 1985.
4. Developmental Outcomes

4.1 Mirroring the two-in-one division of the project, the educational component had immediate positive outcomes in terms of sector development, while the student loan component's positive outcomes became evident only after its initial failures. The educational interventions benefited from the borrower's commitment to secondary education reform underscored by a bipartisan consensus that persists. But the student loan program did not enjoy the same level of support.

4.2 The educational component resulted in significant advances in identifying the elements required for secondary education reform, providing analytical data on relevant issues and developing a strategic plan. Though not systematically evaluated, the pilot projects also helped alert the MOE to many of the implementation problems. The experience with these projects also suggested that a feasible reform program would need to be implemented incrementally so that it could be closely tailored to the needs of the local schools.

4.3 While the student loan component's early outcomes were very modest, the sobering implementation experience documented at project completion helped spur a radical reform of student loan administration in the long term. The studies also helped convince the borrower of the need for a more equitable allocation of public funds to eligible students. Bank financing of the follow-up operation, the 1996 Student Loan project, supports the borrower's efforts to improve the targeting and effectiveness of student lending and the efficiency of a radically restructured SLB.

The Secondary Education Component

4.4 Developing a common curriculum. The project's objective was to introduce and test a curriculum that all lower secondary schools, regardless of type, would eventually adopt. Despite delays, the MOE's performance in implementing curriculum development activities has been remarkable. Successful performance in this complex activity has been difficult to achieve in countries with far greater resources. In the project, the process of producing the outputs—curriculum documents produced and teachers trained—was consistent with the best international practice. The program clearly benefited from the professionalism of the MOE's curriculum specialists and consultants, who worked together to identify curriculum goals and principles and to develop detailed objectives and content for six core subjects, including innovative practical subjects. Teachers' workshops produced and reviewed prototype teachers' guides and instructional materials at four levels of difficulty, suited to students of mixed ability and different levels of readiness for secondary-level education.

21. The borrower commented on the importance of the political consensus.

22. In 1996, with support from the follow-up project, over 120 schools of varying types had introduced the curriculum.

23. When curriculum development covers an entire school system it can take 10–15 years to implement and even then needs continual refinement as knowledge expands and society's needs change.
4.5 **Trying out the curriculum in pilot schools.** The ICR commented that the curriculum subcomponent was successful because the curriculum had been developed and implemented in 11 pilot schools, exceeding the appraisal target of 5 schools. While this statement is correct, it does not go far enough. The project did achieve some initial success in introducing the new curriculum, but the quality of teaching and learning in the pilot schools is still far behind that in traditional secondary schools. When teachers in the pilot schools began trying out the materials, advisers and supervisors visited them at least twice a week to help resolve difficulties. Because it takes a long time to train teachers and produce materials, and because the loan funds ran out, the testing and revision are not yet complete, and there have been no workshops since 1994.

4.6 The early momentum toward effective curriculum implementation in the pilot schools has begun to show signs of slowing down. There are still issues to resolve about reading skills, the innovative practical subjects and the scarcity of printed copies of the prototype materials, as well as student attendance and discipline. In addition, implementation of the new curriculum has been uneven across schools. One school the audit mission visited had succeeded in introducing the curriculum, largely because of the efforts of its dedicated principal and committed teachers. Reports of supervisors' visits to the other schools during project implementation do not show the same level of success. Progress appears to rely heavily on the leadership of the principals, some of whom provide superb support, while others do not. Similarly, teachers faced with unaccustomed challenges vary in their willingness to work towards permanent changes in the classrooms. Moreover, in the traditional types of school, teachers and parents are circumspect about the value of the new curriculum which fosters students' active participation in solving intellectual problems and applying their knowledge and skills to their lives and future jobs. Some parents believe the program is too easy, too practical and not sufficiently academic to prepare students to compete in the grade 9 selection examination.

4.7 Lacking a sound evaluation strategy, the pilots did not come up with the quantitative data that typically help convince society of the logic of school reform. For example, in terms of the pilot's effects on students' educational performance, information is as yet limited. Nevertheless, evaluations carried out for three cohorts of students show modest progress (box 4.1).

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25. The MOE is currently working on deficiencies found at this stage across all six core subject areas.

26. In 1992, the MOE decided to widen the pilot to eight additional schools due to heavy demand for participation from principals. Because the MOE's budget could not afford to sustain these schools, project funds were allocated. But the schools need refurbishing, and educational inputs were not in place at project completion.
A recent MOE evaluation analyzed data on language arts and mathematics from the pilot schools for student cohorts completing grade 9 over the three years 1994–96. The schools piloted a new Junior High School Certificate Examination (JHSCE) based on the new curriculum. The four original schools performed on roughly the same level, improving on their initial performance, though from a modest base. All the pilot schools, irrespective of type, performed on a modestly upward trend, but the former all-age schools did least well. According to one expert interviewed, these results do not have full credibility because of technical deficiencies in the prototype test items. However, the MOE recently introduced a new standardized assessment that shows student and school performance as roughly comparable to the JHSCE performance.

In 1996, over 49,000 students were also exposed to a new standardized assessment at the end of their primary education that is to replace the existing examination used to select students for secondary level. This was a critical and sensitive element of the secondary reform.

4.8 The cost-effectiveness of alternative types of lower secondary school facilities was not systematically tested as planned through the pilot school rehabilitation program, in part because the necessary input and output data were not available. Information on capital costs was also not available because of the poor supervision of building contractors and delays in the refurbishing and operation of the schools. Information on operating costs was not forthcoming by project completion and could not be estimated accurately from budget data (Box 4.2).

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27. Project authorities did not view the systematic evaluation of the cost effectiveness of alternative types of facility as a major concern for the project. In fact, a standard set of facilities was developed; though in practice, there would be variations to existing buildings due to differences in the sites.
Altogether, 15 feeder schools were rehabilitated. At the end of 1996, the much-delayed construction of one of the four original pilot schools had begun with other loan funds, but two still needed new buildings or major renovation. A fourth, a junior high school, unique because it had its own separate site, was in a newly opened facility of which the teachers and community were very proud, despite some inconveniences due to design faults and site drainage. The two schools whose buildings were provided under the project were constructed from the standardized design. There was also a positive spin-off for the primary school still located on the original campus: removing the older children from the overcrowded and dilapidated facilities had improved the teaching and learning environment. The principal had used the additional space to accommodate more students and phase out double sessions.

Insufficient attention has been paid to maintenance because recurrent funds from the MOE are tight, low-income communities find it hard to pay for costly secondary education facilities, maintenance committees have proven difficult to set up and major rehabilitation has higher political visibility than preventive repair work. MOE summary records for 1995–96 note that two facilities are in good condition, but this assessment is at odds with the facts. Some of the equipment and furniture for classrooms, libraries and science laboratories are not in place, and the schools cannot support the entire secondary level curriculum. Other MOE records show two of the schools coping without adequate water supplies, toilets and administrative areas. The schools have received no special budgetary allocations since the loan closed. Indicative of the low priority given to the maintenance of school facilities are the facts that fewer than half the project schools had set up maintenance committees by project completion and that staff were not trained as planned (para. 4.11).

4.9 Sector policy development and technical capacity building. The reports helped stimulate a cultural shift in the MOE's approach to the education sector. Had they been more widely disseminated, they might have stimulated more informed stakeholder participation in the debates on the reform strategy. Most of the studies' recommendations made good sense for strategy and program development. The study on reforming secondary education informed the school restructuring and curriculum efforts. The study on educational administration made far-reaching recommendations on the governance of public schools and helped the MOE to consider the merits of a more decentralized approach to administration. The study of unit costs and financing in public and private secondary and postsecondary education complemented the administration study, but the MOE did not disseminate it widely because of what the agency deemed the sensitive content. Quantification of the evidence that public finances and community resources for secondary schools were highly inequitable shocked MOE officials, marshaling their support for the budgetary shifts toward basic education that are now beginning. The unavailable school maintenance study had little discernible impact, though it reportedly recommended the devolution of responsibility to local communities. The study on strengthening the student loan program and promoting cost-recovery in higher education was a first step in addressing the huge problems facing the scheme. The study's main contribution was the evidence it presented on the need for more efficient loan management. It proposed a revamped management body run according to best private sector practice. A beneficiary survey showed indisputable need for an expanded loan scheme targeted to poor students.

4.10 Skills development for education sector personnel. The sector's technical capacity improved because of the project. However, almost no data were collected on the subsequent effectiveness of graduates of the fellowship and training activities. According to an interim report on nine graduates and interviews with five others, the overseas fellowship program led to substantial skills development. Of 15 participants for whom records were still available, only 4 were lost to the MOE through death, retirement or migration. The MOE placed most of its
newly trained staff in relevant positions when they returned, primarily in planning, evaluation and curriculum units where they could apply their skills developing curricula and providing in-service training. By all accounts, the overseas and local training of teacher trainers has been effective in supporting the ROSE program, though much more is needed. However, the MOE did not have records for these programs.

4.11 Training in school maintenance. The program originally allocated five months to maintenance training, but these were not used. Records for the end of 1990 show that 36 months instead of the original 12 were used for one degree course in architecture, the only training category to receive substantially more resources than planned.

The Student Loan Program Component

4.12 The ICR made it plain that the student loan component did not achieve its objectives, aside from improving loan collection procedures. But the project provided no performance indicators for either the loans or the beneficiaries. Given the project’s lack of attention to the other planned institutional reforms, the failures are understandable if inexcusable. Nevertheless, the progress the revamped scheme has made under the current leadership impressed the audit mission. Files are in order, the accounts are properly maintained, and staff are competent. To further improve efficiency, the independent auditors are now asked to provide more information than before, and new software is being installed to link data from the initial and revamped student loan schemes.

4.13 The original scheme was disbursing for its final year in 1996, according to records provided for the mission and lodged in OED files. Overall, the data suggest that collection mechanisms are working reasonably well for more recent years, though there is still room for improvement. The volume of loans made to first-time beneficiaries remained at around 1,300 between 1993 and 1996, with a sharp increase to nearly 2,300 in 1994. The total value of the loans, the size of individual loans, and the number of beneficiaries varied from year to year. Total value declined slowly after 1994, falling from a high of nearly J$28 million to J$22 million in 1996. In the scheme’s early years, an average of 2,000 graduates annually received loans; in 1996, the number of beneficiaries was only around 1,300. The current management of the SLB considers that loan collection is still not satisfactory but that efforts continue. In 1996, J$24 million was collected and arrears stood at 6 percent in January 1997. Delinquencies rose from over 3,200 in 1993 to nearly 8,300 in 1994 but fell back to 5,607 in 1995, the last year for which data were available. Elapsed time for delinquencies remained high for those over 12 months in arrears but declined slightly for those behind 4-12 months. These levels are unacceptably high. They warrant careful and continued remedial action. In 1995, outstanding interest was J$4.6 million (54 percent of the outstanding principal), suggesting the need for further efficiency measures.
5. Findings and Lessons

Project Outcome

5.1 The project helped pioneer substantial positive changes in the education sector. It merits a positive outcome rating because it realized many of the strategic benefits that the SAR had anticipated. These are especially significant in secondary education reform but also show promise for a new approach to higher education provision and financing. However, the project's shortcomings—the absence of improvements in cost-effectiveness, managerial and administrative efficiency, the shortcomings in the school facilities and the almost complete failure of the student loan component detract from the project's otherwise creditable performance. For these reasons, OED assesses the outcome as only marginally satisfactory.

5.2 Lesson for the Bank. Innovative projects that prepare for sector strategy and program development require time to bear fruit. Because of their pioneering nature, the need to evaluate experimental components and the complexity and riskiness of the issues they address, the preparation and implementation periods should be at least as intensive as those for simpler projects.

Institutional Development

5.3 The project's impact on institutions in the sector was modest overall. The project substantially enhanced capabilities for strategic and program development in basic education, but its impact was negligible on the development and operation of the SLB and was modestly positive for the MOE's management of secondary education and its overall administrative efficiency. The student loan component's egregious failure delayed progress on a targeted student loan scheme and the cost-recovery policy by a good ten years. Whether things will turn out better in the new partnership awaits evaluation at project completion in five more years.

5.4 Lessons for the Bank. To support weak institutions faced with serious challenges in improving their practices and procedures, more is need needed than legal covenants that are not enforceable. Thorough institutional analysis should precede the design of institution-building components. The loan financing should support activities appropriate to achieving specific measurable institutional performance targets and the project should create incentives for the institutions to achieve optimal results.

Bank Performance

5.5 OED rates the Bank's performance as satisfactory overall. This rating takes into account the Bank's constructive and formative roles in education system financing and strategy through this and other operations, without which the country would not have made the rapid progress in basic education that it has. However, the rating should not obscure the Bank's unsatisfactory performance in several other areas.

5.6 The Bank's performance varied with the stages of the project cycle. On the positive side, the Bank performed satisfactorily in identifying the project and supporting the preparation
of the educational component, though the MOE deserves most of the credit for the preparation. For the student loan component, the Bank correctly identified a serious efficiency, equity and budgetary issue with sectorwide implications and made strenuous efforts to encourage the borrower to get the component ready for implementation. During preparation and implementation, the Bank's performance was highly satisfactory in terms of strategy for the educational program, though with shortcomings in developing mechanisms to ensure evaluation lessons from the pilot programs. In the project's operational period, the Bank helped the education sector begin making fundamental changes in culture, management and financing and enhanced the probability that the sectoral strategy would have a positive long-term impact.

5.7 On the negative side, the Bank's used poor judgment in persevering with the student loan component whose only benefit for the country was a modest amount of foreign exchange but whose design was seriously flawed in design and risky in implementation. In allowing two additional years for the government to prepare the component for the Board, the Bank also put the MOE's urgent plans on hold. Bank supervision of the component was highly unsatisfactory, except in monitoring loan delinquency rates. In neglecting to use available sanctions appropriately, the Bank signaled that legal agreements may be ignored with impunity.

5.8 Lesson for the Bank. When an existing project design is robust, the Bank should resist the temptation to add on an unrelated, more fragile component for reasons unrelated to the original project's objectives. In this case, the original component could have been expanded. If more time and more resources had been available for quality improvement and evaluation activities, the educational outcomes might well have been more impressive. The student loan component deserved attention in a self-standing project with more preparation and support for institutional capacity-building. It could possibly have been expanded to address general budgetary issues for higher education and sector financing.

**Borrower Performance**

5.9 Under difficult circumstances, the borrower's performance was satisfactory, though with two major qualifications. The MOE's performance was highly satisfactory in preparing and executing the plan for educational reform and developing the new curriculum. The MOE's management of curriculum implementation in the pilot schools was also commendable apart from shortcomings in evaluation and school facilities. In other respects, the borrower's performance during implementation was unsatisfactory—in failing to ensure efficient project administration and in neglecting agreements on the activities under the student loan component.

5.10 Lesson for the Borrower. The borrower should not have signed a loan for a project that demanded from the implementing agencies a level of commitment and administrative capability that was not available. It should have weighed the modest fiscal benefits of the project against the high overall transaction costs at all stages of the project cycle. Senior borrower agencies should also have insisted that the Bank approve a project design simple enough for the implementing agencies to coordinate and manage efficiently and they should have exercised more rigorous administrative and financial oversight during implementation.
Sustainability

5.11 If the project's benefits prove not to be sustainable, the consequences for human capital development in the country are serious. Yet sustainability appears unlikely without urgent action. This assessment differs from that of the ICR because of the inadequacy of the financial resources available to project institutions from counterpart funds, as well as the political risks of the cost-recovery policy in higher education. The defunct SLB scheme was never sustainable. However, the government's recent attempt to revamp it with private sector participation, better management and better targeting of beneficiaries promises a sounder foundation for better performance.

5.12 Sustainability on the educational component also depends on adequate resources, especially funds for classroom inputs and teacher training, and community resources for them. The sober fact is that the ROSE program is currently able to survive in the face of the constraints, especially the financial ones, because of the support of external donors. The uncertain financial sustainability is an issue demanding serious and urgent attention as the country's former all-age schools struggle to offer secondary-level education effectively. The best assurance that the investments will pay off would be rapid progress in bringing the pilot schools' students up to standard on the new curriculum. If students do not meet the standards, the schools will lose their credibility in the communities they serve. At the societal level, poor performance is likely to exacerbate opposition from middle-class communities who perceive a threat to the traditional schools from a reform that seeks more equitable resource provision for the newer secondary schools.

5.13 As the wider reform takes hold, the original pilot schools may not be able to maintain the momentum and commitment needed to be effective. The schools were in the limelight, had high expectations and responded reasonably well to challenges. However, there is a real risk that they may not continue to receive the heavy technical support they still need.

5.14 Lessons for the borrower and the Bank. The sustainability of the countrywide reform effort relies currently on external financing. Prospects for the project to continue to produce benefits in the long term would improve with more attention to the following actions.

- Assess the level of recurrent funding needed through on-the-ground assessments of schools' needs, rather than on historic budgetary data for all-age schools. Provide timely budgets to schools while continuing to encourage community and private financing.

- In order to ensure effective curriculum implementation, supply plenty of instructional materials, including reading materials, and maintain regular supervisory, advisory and staff development services to the schools.

- Provide help to the schools in developing and implementing a workable, cost-effective plans for routine and preventive maintenance and provide timely funds and technical support for major repairs.

- Establish comprehensive baseline data at school level and keep track of students' progress and performance.

- Continue to encourage teacher and community participation in developing the reform program.
Basic Data Sheet

EDUCATION PROGRAM PREPARATION AND STUDENT LOAN PROJECT
(LOAN 2899-JM)

Key Project Data (US$ million)

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Project Dates

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a. President's Report states 13 months for preparation (Schedule C, p.7). Identification to final post-appraisal of SLB component was actually 30 months.
### Staff Inputs

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*Source: ICR Part II, Table 12.*

### Mission Data

#### A. Through Project Effectiveness

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#### B. Supervision Missions and Performance Ratings

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<th>Studies</th>
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</table>

<sup>b</sup> A=Architect; (c=Consultant); DO=Disbursement Officer; Ec=Economist; Ed=Education Specialist; LA=Lawyer; LO=Loan Officer; OO=Operations Officer; PS=Procurement Specialist; Ted=Technical Educator.
Other Project Data
Implementing Agencies: Ministry of Education (Loan Agreement (Part A-C)) and Student Loan Bureau (Part D)

<table>
<thead>
<tr>
<th>Operation</th>
<th>Loan No.</th>
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<td>Public Sector Modernization Project</td>
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</table>
June 5, 1997

Mr. Roger Slade
Chief
Agriculture and Human Development Division
Operations Evaluation Department
The World Bank
1818 H Street N.W.
Washington D.C. 20433
USA

Dear Mr. Slade,

Re: JAMAICA-Education Program Preparation and Student Loan Project (Loan 23997M)

Draft Performance Audit Report

This Ministry appreciates that there are lessons to be learnt from the experience with the captioned project and welcomes the opportunity to comment on the Draft Performance Audit Report. We have reviewed the sections which relate to the Secondary Education Component and comment as follows:

1. Page 5, paragraph 2
   It is the policy that government funds are used to operate project schools at the end of the project.

2. Page 17, paragraph 3.5
   An accountant was appointed to the project prior to mid-1992. The one appointed then was an additional resource provided by a UNDP project.

3. Page 20, paragraph 3.10
   There was no plan in the original project proposal to evaluate the relative effectiveness of different types of schools and curricula. This idea was introduced in the final stages of the project when time did not allow for more than the introduction of the draft Grades 7-9 curriculum in schools other than the project schools in St. Thomas. The evaluation of student performance on the common curriculum, in the different types of schools, is being conducted under the Reform of Secondary Education Project.

4. Page 26, paragraph 4.8
   The systematic testing of the cost-effectiveness of alternative types of lower secondary school facilities was not an objective of the project. One standard set of facilities was developed for the four central schools in which the draft Grades 7-9 curriculum was pilot-tested.

5. Page 27, Box 4.2
   The two central schools which were completed prior to the close of project were provided with the standard set of facilities required for the piloting of the draft curriculum.

We look forward to receiving a copy of the final report.

Yours sincerely,

[Signature]
Marguerite Bowie (Mrs.)
Permanent Secretary