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Report No: PAD1641

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF

US$300 MILLION

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR A

THIRD PUNJAB EDUCATION SECTOR PROJECT

May 10, 2016

Education Global Practice
South Asia Region

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CURRENCY EQUIVALENTS
Exchange Rate Effective: January 31, 2016
Currency Unit = Pakistani Rupee (PKR)
PKR 105.50 = US$1.00

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AGP	Auditor General of Pakistan
ASER	Annual Status of Education Report
ASC	Annual School Census
BER	Budget Execution Report
CoA	Chart of Accounts
CMMF	Chief Minister's Monitoring Force
CPD	Continuous Professional Development
CPF	Country Partnership Framework
CTSC	Cluster Training and Support Center
CQS	Selection Based on the Consultants' Qualification
DCO	District Coordination Officer
DDO	Drawing & Disbursing Officer
DEO	District Education Officer
DFID	U.K. Department for International Development
DLI	Disbursement-linked Indicator
DMO	District Monitoring Officer
DNO	District Nutrition Officer
DPC	Development Policy Credit
DRC	District Review Committee
DSD	Directorate of Staff Development
DTE	District Teacher Educator
DTSC	District Training and Support Center
ECE	Early Childhood Education
EDO	Executive District Officer
EEP	Eligible Expenditure Program
EMIS	Education Management Information System
EVS	Education Voucher Scheme
FAS	Foundation Assisted Schools
FD	Finance Department
FM	Financial Management
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GoPunjab	Government of Punjab
GRS	Grievance Redress Service
ICT	Information and Communications Technology

IRR	Internal Rate of Return
IS	Implementation Support
ISP	Institutional Strengthening Plan
IT	Information Technology
IUFR	Interim Unaudited Financial Report
KPI	Key Performance Indicator
LDC	Least Developed Country
LHW	Lady Health Worker
LPD	Low-Performing Districts
M&E	Monitoring and Evaluation
MELQO	Monitoring Early Learning Quality and Outcomes
MEA	Monitoring and Evaluation Assistant
MTBF	Medium-Term Budgetary Framework
NAM	New Accounting Model
NCB	National Competitive Bidding
NER	Net Enrollment Rate
NGO	Nongovernmental Organization
NPV	Net Present Value
NSB	Non-salary Budget
NSP	New School Program
P&D	Planning and Development
PD	Professional Development
PDO	Project Development Objective
PEC	Punjab Examination Commission
PEF	Punjab Education Foundation
PEFA	Public Expenditure and Financial Accountability
PIFRA	Project to Improve Financial Reporting and Auditing
PFM	Public Financial Management
PESP	Punjab Education Sector Project
PESRP	Punjab Education Sector Reform Program
PMIU	Program Management and Implementation Unit
PPP	Public-private Partnership
PPSC	Provincial Program Steering Committee
PSLM	Pakistan’s Social and Living Standards Measurement
PSSSP	Punjab Secondary School Stipend Program
RBF	Results-based Funding
QAT	Quality Assurance Test
QCBS	Quality- and Cost- Based Selection
SA	Social Assessment
SC	School Council
SCP	School Council Policy
SCMP	School Council Mobilization Program
SDA	Special Drawing Account
SDG	Sustainable Development Goal
SED	School Education Department
SOE	Statement of Expenditure

SOP	Standard Operating Procedures
SORT	Systematic Operations Risk Assessment Tool
STR	Student-to-Teacher Ratio
TA	Technical Assistance
ToR	Terms of Reference
TPV	Third-party Validation

Regional Vice President:	Annette Dixon
Country Director:	Patchamuthu Illangovan
Senior Global Practice Director:	Claudia Maria Costin
Practice Manager:	Keiko Miwa
Task Team Leader:	Scherezad Joya Monami Latif

PAKISTAN
Third Punjab Education Sector Project

TABLE OF CONTENTS

Page

I. STRATEGIC CONTEXT 1

A. Country Context 1

B. Sectoral and Institutional Context 1

C. Higher Level Objectives to which the Project Contributes 6

II. PROJECT DEVELOPMENT OBJECTIVES 6

A. PDO 6

B. Project Beneficiaries 7

C. PDO Level Results Indicators 7

III. PROJECT DESCRIPTION 7

A. Project Components 7

B. Project Financing 12

C. Lessons Learned and Reflected in the Project Design 13

IV. IMPLEMENTATION 14

A. Institutional and Implementation Arrangements 14

B. Results Monitoring and Evaluation 15

C. Sustainability 16

V. KEY RISKS 17

A. Overall Risk Rating and Explanation of Key Risks 17

VI. APPRAISAL SUMMARY 18

A. Economic and Financial Analysis 18

B. Technical 19

C. Financial Management 19

D. Procurement 20

E. Social (including Safeguards) 20

F. Environment (including Safeguards) 21

G. World Bank Grievance Redress 21

Annexes

Annex 1: Results Framework and Monitoring……..……..……..…22

Annex 2: Detailed Project Description.....38

Annex 3: Implementation Arrangements 57

Annex 4: Systematic Operations Risk Assessment Tool (SORT).....89

Annex 5: Implementation Support Plan 94

Annex 6: Economic and Financial Analysis ……94

Annex 7: Education Sector Analysis ….…….…….101

MAP……109

PAD DATA SHEET

Pakistan

Pakistan: Third Punjab Education Sector Project (P154524)

PROJECT APPRAISAL DOCUMENT

SOUTH ASIA

GED06

Report No.: PAD1641

.

Basic Information		
Project ID P154524	EA Category C	Team Leader(s) Scherezad Joya Monami Latif
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ] Financial Intermediaries [ ] Series of Projects [ ]	
Project Implementation Start Date 01-Sept-2016	Project Implementation End Date 30-Jun-2021	
Expected Effectiveness Date 01-Sept-2016	Expected Closing Date 31-December-2021	
Joint IFC No		

Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Keiko Miwa	Claudia Maria Costin	Patchamuthu Illangovan	Annette Dixon

.

Borrower: Islamic Republic of Pakistan

Responsible Agency: School Education Department

Contact:	Abdul Jabbar Shaheen	Title:	Secretary
Telephone No.:	924299211518	Email:	secretary. schoolseducation@gmail.com

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Project Financing Data(in US$, millions)					
[X]	Loan	[ ]	IDA Grant	[ ]	Guarantee
[ ]	Credit	[ ]	Grant	[ ]	Other

Total Project Cost:	13,357.50	Total Bank Financing:	300.00

Financing Gap:	0.00

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Financing Source	Amount
BORROWER/RECIPIENT	12,907.50
International Bank for Reconstruction and Development (IBRD)	300.00
DfID	150.00
Total	13,357.50

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Expected Disbursements (in US$, millions)

Fiscal Year	2017	2018	2019	2020	2021					
Annual	77.31	79.31	79.81	31.48	32.09					
Cumulative	77.31	156.62	236.43	267.91	300.00					

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Institutional Data

Practice Area (Lead)

Education

Contributing Practice Areas

Gender, Social Protection & Labor

Cross Cutting Topics

[ ] Climate Change

[ ] Fragile, Conflict & Violence

[X] Gender

[ ] Jobs

[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Pre-primary education	20		
Education	Primary education	40		
Education	Secondary education	40		
Total		100		

☑ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

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Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Human development	Education for all	80
Human development	Education for the knowledge economy	20
Total		100

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Proposed Development Objective(s)
The project development objective would be to support Punjab province to improve school participation, completion, and teaching-learning practices with a particular focus on low-performing districts.

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Components	
Component Name	**Cost (US$, millions) IBRD Financing only**
Component 1: Improved Access, Quality and Education System Management	289.89.00
Component 2: Capacity Building, Project Management, Monitoring, and Evaluation	9.36

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Systematic Operations Risk- Rating Tool (SORT)	
Risk Category	**Rating**
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Low
8. Stakeholders	Moderate
9. Other	Substantial
OVERALL	Moderate

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Compliance	
Policy	
Does the project depart from the CAS in content or in other significant respects?	Yes [ ] No [X]

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Does the project require any waivers of Bank policies?	Yes [ ]	No [X]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No [ ]

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Safeguard Policies Triggered by the Project	**Yes**	**No**
Environmental Assessment OP/BP 4.01		**X**
Natural Habitats OP/BP 4.04		**X**
Forests OP/BP 4.36		**X**
Pest Management OP 4.09		**X**
Physical Cultural Resources OP/BP 4.11		**X**
Indigenous Peoples OP/BP 4.10		**X**
Involuntary Resettlement OP/BP 4.12		**X**
Safety of Dams OP/BP 4.37		**X**
Projects on International Waterways OP/BP 7.50		**X**
Projects in Disputed Areas OP/BP 7.60		**X**

.

Legal Covenants

Name	**Recurrent**	**Due Date**	**Frequency**
Provincial Steering Committee	**X**		
Description of Covenant			

Maintain, at all times during project implementation, a provincial steering committee, headed by the Chairman of Punjab's Planning and Development Department, and comprising representatives from, among others, Punjab's Planning and Development Department, Finance Department (FD), School Education department (SED), and the Program Management and Implementation Unit (PMIU), as well as development partners (as observers); which committee shall meet at least twice a year and shall be assigned with functions and responsibilities satisfactory to the Bank, as shall be required for the overall strategic policy guidance and planning, oversight, support, and review of implementation of progress and performance project activities.

Name	**Recurrent**	**Due Date**	**Frequency**
District Review Committees	X		

Description of Covenant

Maintain in each provincial district, throughout the period of implementation of the project, District Review Committees (DRCs), chaired by a District Coordination Officer (DCO) or any successor there to, and provided with sufficient resources and competent staff in adequate numbers, under terms of reference satisfactory to the Bank, comprising among others, executive officers responsible for finance and planning, education and services, and monitoring and evaluation, which committees shall be assigned with such functions and responsibilities, satisfactory to the Bank, as shall be required for: (i) providing guidance, oversight, and support for project activities, and managing their monitoring and implementation at district level; (ii) carrying out district review of project implementation, progress and

performance; and (iii) liaising with the PMIU and SED and its sub departments.

Name	Recurrent	Due Date	Frequency
Program Management and Implementation Unit (PMIU)	X		

Description of Covenant

Maintain, at all times during project implementation, within the School Education Department's regular structure, a project monitoring and implementation unit, to coordinate and monitor the implementation of the project. Ensure that the PMIU is headed by a Project Director, and adequately staffed with professional and administrative staff.

Name	Recurrent	Due Date	Frequency
Grievance Redress Mechanism	X		

Description of Covenant

Maintain throughout project implementation a project grievance redress mechanism, with staffing and operating procedures acceptable to the Bank, for monitoring and addressing the concerns of people affected by the project and building public and stakeholder support for the project.

Name	Recurrent	Due Date	Frequency
Audited Project Financial Statements	X	9 months from the end of each fiscal year	Annually

Description of Covenant

Submit to the Bank, financial statements audited by independent auditors acceptable to the Bank, and make them publicly available.

Name	Recurrent	Due Date	Frequency
Budget Execution Reports	X	45 days after the end of each semester	Semi-annually

Description of Covenant

Submit to the Bank semiannual consolidated Budget Execution Reports, setting out the values of budgets, actual expenditures incurred and balances thereof, if any per month, per budget line, for the whole education sector, jointly with an executive summary cover note updating on EEPs defrayment.

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Conditions

Source Of Fund	Name	Type

Description of Condition

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit

Scherezad Joya Monami Latif	Team Leader (ADM Responsible)	Senior Education Specialist		GED06
Rehan Hyder	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist		GGO06
Akram Abd El-Aziz Hussein El-Shorbagi	Financial Management Specialist	Sr. Financial Management Specialist		GGO24
Ali Ansari	Team Member	Education Economist		GED06
Amanda Epstein Devercelli	Team Member	Senior Education Specialist		GED07
Amna W. Mir	Team Member	Senior Program Assistant		SACPK
Anwar Ali Bhatti	Team Member	Financial Analyst		SACPK
Ayesha Y. Vawda	Peer Reviewer	Senior Education Specialist	QER Panelist	GED05
Dilip Parajuli	Team Member	Senior Economist		GED06
Helen J. Craig	Team Member	Lead Education Specialist		GED01
Javaid Afzal	Environmental Specialist	Senior Environmental Specialist		GEN06
Juan Carlos Alvarez	Counsel	Senior Counsel		LEGES
Chau-Ching Shen	Disbursement	Senior Finance Officer		WFALN
Juan Manuel Moreno Olmedilla	Peer Reviewer	Lead Education Specialist		GED05
Margaret M. Clarke	Team Member	Senior Education Specialist		GEDGE
Samer Al-Samarrai	Peer Reviewer	Senior Economist	QER Panelist	GED02
Sophie Naudeau	Peer Reviewer	Senior Education Specialist		GED01

Extended Team

Name	**Title**	**Office Phone**	**Location**
Ali Inaam	Consultant		
Ambreen Gilani	Consultant		
Ayesha Khan	Consultant		
Gerard Peart	Operations Consultant		Toronto

Vardah Malik	Consultant		
.			

Locations					
Country	**First Administrative Division**	**Location**	**Planned**	**Actual**	**Comments**
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Consultants (Will be disclosed in the Monthly Operational Summary)	
Consultants Required	Consulting services to be determined

I. STRATEGIC CONTEXT

A. Country Context

1. Pakistan is the world's sixth most populous country with an estimated population of 182 million people and a per capita income of US$1,360 in 2013, falling into the category of a lower-middle-income country. While Pakistan's per capita income has almost doubled and the share of population living in poverty has decreased by two-thirds over the last decade, the country's recent gross domestic product (GDP) growth rates (estimated at 4.2 percent in 2015) have been slower than needed to provide for the level of jobs required for a young and growing population.

2. Prospects for economic growth are beginning to improve, supported by increasing reserves, low inflation, and continuing strong remittances. Nevertheless, a weak private sector environment, public sector management, and implementation capacity will continue to hamper service delivery performance. As a result, human development indicators continue to lag; in fact, Pakistan did not meet the targets for the majority of the Millennium Development Goals by 2015, including those related to education and health. Punjab is one of the country's most economically dynamic provinces (representing 52 percent of Pakistan's GDP) and is also Pakistan's most populated province (56 percent of Pakistan's population). However, its growth and service delivery potential have been affected by the same factors affecting the country as a whole.

3. To promote sustainable economic growth, accompanied by poverty reduction, the country as a whole, including Punjab, will require, among other things, continued and increasing investment in human development, including education. Investments in human capital are particularly critical at this time, given that almost half of the country's population is estimated to be under the age of 15 years.

B. Sectoral and Institutional Context

4. Pakistan has made progress in improving education outcome indicators over the past decade.[1] However, there has been persistent underperformance in comparison to other developing countries at its level of per capita income, including in South Asia. Pakistan has the world's second highest out-of-school population, 6.7 million (12 percent of the world's total), of which 56 percent are girls. This issue is made more challenging by a relatively high population growth rate (1.65 percent compared to 1.3 percent regionally in 2013). Public spending for education as a share of the country's GDP is low at 2.5 percent in 2013. Pakistan's social development indicators place it among the least socially developed countries in the world. Less than half of the country's population has completed primary education. Approximately 42 percent of people (age 10 years and above) cannot read and write. About 45 percent of children under 5 years old have a stunted growth. Low social development is also prevalent in Punjab Province, and strikingly so in its low-performing districts (LPDs).[2]

[1] An amplified version of this section is in Annex 7. All references are provided there.
[2] In the context of this project, Punjab's LPDs are those 10 districts that have the lowest school participation rate for children of age 6–15 years.

5. In the public sector, the School Education Department (SED) runs over 52,000 schools in all 36 districts of Punjab, employing over 320,000 teachers and enrolling almost 11 million students from *katchi* (pre-primary) to Grade 10. The low-cost private schooling sector, which has emerged as a viable alternative to government schooling, now enrolls almost one-third of children of age 6–10 years and almost one-fourth of children of ages 11–15. The government of Punjab (GoPunjab) has partnered with the private sector in education delivery through the Punjab Education Foundation (PEF), which reported almost 4,000 partner schools and 1.6 million student beneficiaries in 2014.

6. Since 2003, GoPunjab has implemented several phases of the Punjab Education Sector Reform Program (PESRP), sector wide, medium-term education programs, which support public and low-cost private education at the primary and secondary levels (up to Grade 10).[3] Under PESRP I and II, supported by the Bank through the First Punjab Education Sector Project (PESP I) and Second Punjab Education Sector Project (PESP II), the GoPunjab has focused on systemic improvements in the education sector for sustained results. These have included developing administrative systems (for example, regular measurement of student achievement through universal testing at the Grades 5 and 8 levels), improving the provision and quality of inputs (for example, continuous professional development [CPD] of teachers), and the development of interventions that strengthen incentives and accountability for service delivery performance (for example, merit-based recruitment of teachers, provision of school-specific non-salary budgets [NSBs] to schools). Some encouraging results have begun to materialize, and these reforms would have to be implemented and supported for several more years for their full impact to be seen and to ensure institutional sustainability.

7. **Punjab's out-of-school population (6–15 years) is over 5.5 million.** Approximately 16 percent of children of age 6–15 years have never attended school. Among the children of age 6–15 years, 21.9 percent are out of school; the figure for the LPDs is 31 percent, and goes as high as 47 percent (in Rajanpur). Out-of-school children are more likely, among other characteristics, to be female, older, rural, and poor, to have less educated parents, and be located further away from school than in-school children in the same age cohort.[4]

8. **School retention and transition are serious challenges.** Only 47 percent of children complete primary schooling by age 12, and 37 percent complete secondary school (Grade 10) by age 18. The highest dropout rate is in Grade 6, with 20 percent (30 percent female, 19 percent male) of 15–19 year olds dropping out of school. Grade repetition is not a challenge in earlier grades, but by Grade 9 there is a 9 percent repetition rate. Over the last ten years, efforts have been made by the SED to address retention and transition for girls through the Punjab Secondary School Stipend Program (PSSSP), which offers stipends to girls enrolled in secondary grades in public schools in target districts. The initial impact of this program on female enrollment was positive, with a 9 percent increase in female enrollment.

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[3] These reform programs have received financial and technical support from the Bank through four development policy credits (DPCs) (2004–2007), and two results-based specific investment credits (2009–2012 and 2012–2015), the second of which, PESP II, is ongoing and draws to a close in June 2016. The PESRP has also been supported by the U.K. Department for International Development (DFID).

[4] The participation rate for girls in the poorest wealth quintile is 16 percentage points less than for boys (age 6–10 years) and 26 percentage points less than for boys in the 11–15 years age group

9. **Progress in enrollment has plateaued.** As a result of these difficulties in getting children into and keeping them in school, and ensuring their timely progression between grades, the net enrollment rate (NER) at the primary level (ages 6–10) increased by only 1 percentage point from 71 percent in 2008/09 to 72 percent in 2013/14; the primary NER in the LPDs was 66 percent in 2012–13. Similarly, the NER at the middle school level (ages 11–13) increased by only 3 percentage points, from 36 percent in 2008/09 to 39 percent in 2013/14. The NER at the high school level (ages 14–15) was only 31 percent in 2013/14.

10. **The poor coverage and efficiency of the education system can be ascribed to several factors:** (a) demand-side constraints such as poverty and opportunity costs; (b) limitations on access to quality early childhood education (ECE); (c) access constraints particularly at the secondary level; (d) human resources management; (e) the quality of teaching and the learning environment; and (f) constraints pertaining to financing, system management, accountability, and evidence-based decision making.

11. **Learning outcomes remain unsatisfactory**, though there have been some improvements in recent years. Learning achievements for Urdu have plateaued, while achievements in mathematics and English, though still low, have improved. For instance, the percentage of Grade 3 children who can perform two-digit subtraction increased from 38 percent in 2010 to 48 percent in 2014, and the percentage of Grade 3 children who can read words in English (at a Grade 2 level) increased from 50 percent in 2010 to 59 percent in 2014. Boys perform slightly better than girls with regard to learning outcomes for language (both Urdu and English) and mathematics at the primary level.

12. **There is a low access to quality ECE.** The quality of a child's early learning experience makes a marked difference with regard to school preparation, participation, completion, and achievement. In 2012, the GoPunjab initiated a project to introduce ECE across the province. The number of ECE classrooms established was 1,225. Learning materials were developed, caregivers were recruited, and teachers and school council (SC) members received ECE training. Although there is a national curriculum for ECE (2007) and a scaling-up strategy for ECE in Punjab, there is no comprehensive ECE policy for the province. However, only 30 percent of children of ECE age attend a preschool. Few learning activities are provided in preschool classrooms, and 43 percent of those enrolled will not make the transition to Grade 1. In addition to severely limited classroom spaces, there is a scarcity of qualified teachers for ECE.

13. **There is a suboptimal use and quality of teaching resources.** While the overall student-to-teacher ratio (STR) for primary grades is 39:1, there are (a) almost 16,000 primary government schools which have an STR of 40:1 or higher; and (b) over 11,000 primary government schools with an STR of 15:1 or lower. Multigrade teaching occurs in 67 percent of primary schools. High STRs and the poor quality of teaching and support in the classroom, place a significant constraint on improving the quality of teaching and learning. Many teachers have low content knowledge and weak pedagogical skills.[5] There is still a strong focus on rote learning and repetition in the classroom. A teacher's time-on-task is lower than required due to a variety of factors, which include teacher involvement in non-teaching activities. Students lack

[5] For instance, a sample-based survey of teachers in Pakistan found that only 36 percent of teachers could explain two-digit addition.

sufficient practice on learning tasks, and other than the textbook, there is very little exposure to reading and other teaching-learning materials.

14. **Progress has been made to improve the allocation and quality of teachers**. Under PERSP I and II, the SED introduced merit-based recruitment of teachers; and improved its teacher placement policies to ensure more efficient use of teaching staff resources, with more than 31,000 teachers being transferred to schools with teacher shortages using a needs-based formula. Some of this has met with resistance, and pay-offs from these reforms will take more time to be realized under sustained political will and commitment.

15. **Support to teachers needs to be strengthened.** Under PERSP II, the GoPunjab established a system of field-based support to teachers through the district teacher educators (DTEs). However, the number of DTEs is insufficient, their capacity needs to be strengthened, and their focus is more on teacher monitoring than teacher support. Moreover, the DTE model of support does not address the needs of multi-grade teachers. Data collected by the DTEs could be better utilized and tailored to address teacher training and support needs. Existing teacher development programs lack standardization and do not provide adequate incentives for the improvements of the qualifications of candidates. Strengthening pedagogical support to teachers is of vital concern given its impact—through improved teaching-learning practices—on student outcomes.

16. **Punjab lacks an overarching assessment policy framework** or strategy that will clarify the role of assessment in the education system and provide a basis for prioritizing and organizing assessment activities. Existing assessment activities, though improved through both phases of the PESRP, still require significant strengthening with regard to administration, quality, and the use of results to improve system accountability, teacher performance management, and teaching-learning processes in the classroom. The Punjab Examination Commission (PEC), which oversees the design, administration, and scoring of the mandatory annual Grades 5 and 8 examinations in public schools, lacks sufficient human, physical, and financial resources to do this, and reporting and use of PEC exam results is seen by many as neither useful nor timely. The PEF also administers a biannual Quality Assurance Test (QAT) to public and private schools with whom it has a partnership, but the quality of test content and administration has not been reviewed in years.

17. **Management capacity of education administrative staff at the district and sub district levels is low, and performance management systems do not foster accountability.** Promising reforms have taken place at the school level, including the introduction of guaranteed NSBs, which are provided to schools using a needs-based formula. The bulk of the funds have been spent on repair and maintenance, leading to an improvement in the schools' physical environments. However, more needs to be done at the school level and the district level, where there is limited capacity to follow and implement the reform's financial management (FM) guidelines. There is a need to place greater emphasis on utilizing the non-salary funds for procuring teaching and learning materials. In addition, institutional arrangements for public financial management (PFM) in the education sector lack transparency. Despite the presence of multiple layers of robust monitoring in the province that produces good quality data on schools, teachers and students, there is a lack of evidence-based decision making at all levels, as data collected regularly by several agencies is not always easily available or integrated. Data

dissemination at the school level, though started under PERSP II through the provision of biannual school report cards, needs to be strengthened to ensure effective outreach to parents and the community to foster demands for school accountability. The capacity of SCs remains low in many schools.

18. **The GoPunjab plans to build on PESRP I and II with its 2018 Education Goals.**[6] The GoPunjab is committed to support ongoing reforms and implement new initiatives such as ECE and stipends for out-of-school children, to bring about transformative change. It aims to have a better managed and accountable education system, which enables the best quality education opportunities and environment for children, especially in its priority districts. The 2018 goals are grouped into four areas: (a) ensure high-quality teaching and learning in the classroom; (b) improve leadership and accountability at all levels; (c) enable a conducive learning environment for students; and (d) support with high-quality school infrastructure. Table 1 shows planned activities under each goal.

19. The World Bank has a history of coordinating closely with Department for International Development (DFID), which is currently the largest donor in the basic education sector in Punjab.[7] In both PESRP I and PESRP II, DFID was a parallel financier. Currently, DFID is providing 457 million pound sterling to the GoPunjab between 2014–2018 to support the GoPunjab's PESRP II and 2018 Education Goals. The project has been designed and prepared in close consultation with DFID. The DFID also supports the GoPunjab's Education Sector Road Map, which consists of regular review meetings at the district and provincial levels to review progress toward achieving key performance indicators (KPIs) in the sector. The Bank and DFID continue to work together and in parallel in their support to the implementation of the GoPunjab's 2018 Education Goals.

Table 1. GoPunjab's 2018 Education Goals - Summary

Reform Area/Goal	Planned Activities
Ensure high-quality teaching and learning in the classroom	• Simplify the curriculum to allow optimal learning at quality and pace • Develop world-class textbooks and teacher guides for all grades • Reform exams to better assess student learning • Increase quality and frequency of teacher coaching • Strengthen teacher training on content and pedagogy
Improve leadership and accountability at all levels	• Increase quantity and effectiveness of school leaders • Ensure high-quality leadership in every district • Strengthen collection of high-quality data to track progress and drive accountability
Enable a conducive learning environment for students	• Engage the wider community of parents and other citizens to support reform efforts • Provide remedial support to Grades 1–8 as required • Expand outreach of the PEF to 2.8 million out-of-school children
Support with high-quality infrastructure	• Build additional classrooms and hire sufficient teachers to eliminate multi-grade and overcrowding

[6] The GoPunjab acknowledges that the duration of this phase of its reform program may have to be extended beyond the originally envisaged 2018.

[7] DFID has already begun its next phase of support to the GoPunjab's 2018 Education Goals 2018 through an extension of its original support to PESRP II. DFID currently supports all four areas of the GoPunjab's goals, including a large missing facilities and infrastructure program. Its support to the GoPunjab is approximately GBP 457.3 million, and is expected to end in 2018. The GoPunjab, Bank, and DFID teams have been and will continue to coordinate closely to ensure close alignment with the GoPunjab's Goals, and avoid a duplication of efforts.

Reform Area/Goal	Planned Activities
	• Provide and maintain basic facilities in all schools • Repair all buildings that could prove dangerous • Upgrade selected schools to benchmarked international standards

C. Higher Level Objectives to which the Project Contributes

20. The priority areas of focus for the country are reflected in the Bank's Country Partnership Framework (CPF) for 2015–2019[8]. Priority areas for interventions to support these objectives are (a) the promotion of energy security; (b) increased productivity to drive growth and job creation, particularly in agriculture and small and medium enterprises; (c) inclusive growth and reduced inequality for marginalized and vulnerable population groups, including women; and (d) improved service delivery, particularly taking into account the devolved system of governance in the country. The project is fully aligned with CPF by supporting reforms which seek to accelerate improvements in education service delivery to the underserved, neglected, and poor—the main users of the public and low-cost private schooling systems. Specifically, the project will contribute to the CPF –outcome on increased school enrollment and adoption of education quality assessment by supporting interventions which directly aim to increase the enrollment of out-of-school children, improve student transition and retention, and improve learning outcomes and their assessment.

21. The project will also directly contribute to Pakistan's efforts to achieve the Sustainable Development Goals (SDGs) 2030, specifically Goal 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.[9]

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

22. To support Punjab province to improve school participation, completion, and teaching-learning practices with a particular focus on low-performing districts.

23. LPDs are ten districts that have among the lowest participation rates for children of age 6–15 years.[10]

[8] May 1, 2014 Report Number 84645

[9] It does this by supporting reforms, which contribute to the following targets under Goal 4: (a) 4.1 - by 2030, ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to relevant and effective learning outcome; (b) 4.2 - by 2030, ensure that all girls and boys have access to quality early childhood development care and pre-primary education so that they are ready for primary education; (c) 4.6 - by 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy; (d) 4.c - by 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially Least Developed Countries (LDCs) and Small Island Developing States.

[10] Based on Pakistan's Social and Living Standards Measurement (PSLM) Survey data 2012–13, these districts are Rajanpur, D.G. Khan, Muzaffargarh, Vehari, Lodhran, Pakpattan, Bhakkar, Multan, Khanewal, and Sahiwal. The manner in which the subcomponents cover these districts is explained in annex 2.

B. Project Beneficiaries

24. The project is expected to benefit 420,000 students from poor households through vouchers to attend low-cost private schools; 900,000 students from poor households through support to public-private partnerships (PPPs) that cover the students' tuition costs; 450,000 female secondary school students through stipends to attend a government school; 210,000 preschool students through improved quality of ECE; 2.3 million primary students and 90,000 primary teachers in government schools through the strengthening of in-service professional support; and all 10.9 million students and 321,000 teachers in government schools through the strengthening of education assessments, the reinforcement and expansion (from primary to secondary) of NSB allocations, and improved human resources and data-based system management. It is expected that as a result of direct project interventions, 1 million out-of-school children in Punjab would be brought into school.

C. PDO Level Results Indicators

25. The following PDO indicators will be used:

(a) School participation rate (6–15 years), disaggregated by 6–10 and 11–15 years age groups and by gender and by low-performing districts[11]

(b) Completion rate, Grade 5, disaggregated by gender

(c) Quality score of primary teaching-learning practices[12]

(d) Level of school readiness[13]

III. PROJECT DESCRIPTION

A. Project Components

26. The proposed project supports the implementation of the Government of Punjab's larger education program supporting the 2018 Education Goals. The project will be implemented over the period FY2016/17–2021/22. The project will have two parts. The first will use results-based financing to support the achievement of the GoPunjab's 2018 Education Goals and Growth Strategy through nine subcomponents along three strategic areas: (a) improving access to schooling for the poorest; (b) ensuring quality teaching and learning for all; and (c) improving

[11] The school participation rate is defined as the share of children in the respective age group that are enrolled in school, regardless of grade level (including *katchi*)) at two levels of schooling (primary: ages 6–10; and secondary: ages 11–15) derived from the PSLM Survey, a large-scale representative household sample survey, which serves as the main data source of the government to measure progress toward the SDGs.

[12] The quality score is constructed from teaching-learning practices at the primary level, as observed and scored by independent evaluators. The score will be derived from a representative sample of observations of teachers targeted by DLI 6. See annex 1.

[13] The level is a score derived from the child's performance on a preschool readiness measurement tool that assesses pre literacy, pre numeracy, and fine motor skills, as well as the child's level of language and socio emotional development. The Monitoring Early Learning Quality and Outcomes (MELQO) tool (or a similar one) will be administered to a representative sample of children who have completed at least one preschool year at the ECE schools targeted under DLI 4. See annex 1.

leadership, management, and accountability. For each subcomponent, there will be a disbursement-linked indicator (DLI) with time-bound targets. Funds will be disbursed against agreed eligible expenditures upon the achievement of DLI targets. A detailed description of the DLIs, and protocols for verifying compliance with each, is given in Annex 1.

27. The project supports the first three 2018 Education Goals, that is, (a) to ensure high-quality teaching and learning in the classroom; (b) to improve leadership and accountability at all levels; and (c) to enable a conducive learning environment for students.[14] The choice of areas supported under the project is in line with the GoPunjab's policy to halt the establishment of new public schools, and to focus on school expansion through PPPs via the PEF.

28. Component 1 has several noteworthy design elements: (a) the DLIs support reform areas which are expected to affect the sector as a whole, including system performance and outcome; (b) the reforms selected represent ongoing programs, which require further strengthening and support to bring them to fruition; (c) support to these reform areas is scalable, should the GoPunjab increase financing either through its own budget or through additional development partner funding; and (d) the reforms focus mainly on the primary education subsector, reflecting the urgent need to increase efforts to achieve universal primary education in the province.

29. The DLIs have been grouped into three strategic areas that reinforce one another to achieve the PDO: (a) participation and completion; (b) quality; and (c) leadership, management, and accountability. The financial incentives and education opportunities provided by the three DLIs in the first area will work to increase access to and completion of education. The quality-related improvements provided by the four DLIs in the second area will improve the readiness of children for primary learning, the availability of qualified teachers, the quality of teaching-learning practices, and the assessment instruments used to measure outcomes. Together these will enhance the quality of schooling, and also encourage students to participate in and complete school. The final two DLIs pertaining to NSBs and the improved use of data for decision making will contribute to an improved deployment of scarce resources and management of the school system, which together should lead to a more equitable distribution of resources and improvements in the quality of schooling, further reinforcing participation and completion. Overall, the targets have been selected as key links in a results chain that incrementally contribute during the implementation cycle to the achievement of the PDO. (See also figure 2.1 in annex 2).

30. Component 2 will finance technical assistance (TA) to strengthen implementing institutions to deliver their mandates in the education sector and achieve the DLI targets; as well as project management and monitoring and evaluation (M&E). The component will use a traditional reimbursement modality based on statements of expenditures (SOEs) on the agreed activities.

Component 1: Improved Access, Quality, and Education System Management (Bank financing: US$289.89 million, 96.6 percent of total Bank funding)

[14] As mentioned, the DFID already supports a large program for missing facilities and infrastructure (the fourth 2018 Education Goal).

31. The objectives of this component are to (a) improve access to schooling for the poorest; (b) ensure high-quality teaching and learning for all; and (c) improve leadership, management, and accountability.

32. **Strategic Area 1: Improving access to schooling for the poorest**. The project will support interventions to provide students from the poorest households with financial resources and opportunities enabling them to attend school at the primary and secondary levels. It will achieve this by (a) providing vouchers to attend a low-cost private school; (b) expanding PPPs to enable students to attend low-cost private schools; and (c) providing stipends to attend secondary schools. Three subcomponents will support this strategic area.

Subcomponent 1.1: Education Voucher Scheme (EVS)

33. The objective of this subcomponent is to extend the EVS run by the PEF to an additional 420,000 children of age 5–16 years over five years under a strengthened program design. The project will strengthen the program through supporting higher standards pertaining to participation and quality, improved verification and monitoring, and more valid and reliable assessment. This subcomponent will be linked to the achievement of DLI 1, strengthening program design to expand coverage of tuition-replacement vouchers to children from disadvantaged households.

Subcomponent 1.2: Public-Private Partnerships in Education

34. The objective of this subcomponent is to increase the access to, enrollment in, and quality of schools operating under PPP programs administered by the PEF and enrolling an additional 900,000 children. The children will be enrolled in PEF partner schools under the Foundation Assisted Schools (FAS), New School Program (NSP) and other PEF programs approved by the PEF Board. Contract payments will be performance-based using target-linked indicators. This subcomponent will be linked to the achievement of DLI 2, leveraging the private sector to support schools to increase enrollment.

Subcomponent 1.3: Stipends for Secondary School Girls

35. The objective of this subcomponent is to strengthen the PSSSP to increase transition to and retention in secondary schools. The existing scheme for girls in 16 districts will be strengthened through (a) introduction of grade promotion as an eligibility criterion; (b) an enhanced compliance verification system; and (c) a more efficient payment modality. This subcomponent will be linked to the achievement of DLI 3, stipends for secondary school girls to increase secondary school participation/retention.

36. **Strategic Area 2: Ensuring quality teaching and learning for all.** The project will support interventions to raise the quality of teaching and learning by (a) improving the quality of ECE in schools; (b) strengthening the human resources management of teachers; (c) reinforcing the field-based CPD of teachers; and (d) creating an enabling context for assessment activities and improving the quality, utility, and accessibility of assessment data. Four subcomponents will support this strategic area.

Subcomponent 1.4: Early Childhood Education

37. The objective of this subcomponent is to improve the cognitive, socioemotional, and physical development of children and facilitate their transition to primary school through strengthened ECE. The project will ensure that 7,000 schools have ECE classrooms that meet quality standards and enroll at least 210,000 children of age 3–5 years. The standards will include having trained staff, with teachers following a strengthened ECE curriculum and using an ECE activity guide; an ECE toolkit of teaching-learning materials being available and used; receiving monthly ECE mentoring by trained DTEs;[15] and parents receiving an ECE activity guide. The project will achieve the standards at school level by delivering an integrated package of capacity building and materials targeted at beneficiary schools, the DTEs from the Directorate of Staff Development (DSD), and the community. For this subcomponent, release of IBRD funds will be linked to the achievement of DLI 4, improving quality and expanding access to early childhood education.

Subcomponent 1.5: Effective Human Resources Management for Teachers

38. The objective of this subcomponent is to ensure that new teachers are recruited to vacant posts on merit, according to the recruitment policy. The project will strengthen the test-based recruitment of teachers, to ensure merit-based recruitment and an improved matching of teacher profile to subject gaps at school level. This will include a review and reinforcement of the tests and testing procedures, and of the process whereby results are mapped to available posts. Further, the project will support the inclusion of a test module on ECE for primary schoolteachers. Finally, the project will review the recruitment policy work processes, particularly the assessment of teaching needs, the rationalization of vacant posts, and the verification of recruitment. This subcomponent is linked to targets pertaining to DLI 5, strengthening HR processes through continuous merit-based recruitment and rationalization of teaching posts.

Subcomponent 1.6: Quality in the Primary Classroom

39. The objective of this subcomponent is to improve teaching quality and learning in primary schools. There will be two packages. The first package will reinforce the DSD's existing DTE-based model of field-based professional development (PD) by building the capacities of teachers to better deliver the curriculum, and of head teachers, DTEs, and the Cluster Training and Support Center (CTSC)/District Training and Support Center (DTSC) staff to support teachers; with a particular focus on multi-grade and large classroom settings. The DSD will improve its observation and assessment instruments, and build the capacities of the DTEs to use them and provide data-based feedback to teachers. The second package will be an innovative tool designed for multi-grade schools that consists of a structured set of sequenced learning activities covering core subjects in Grades 1–3, to be trialed and evaluated in 100 schools. For this subcomponent, release of IBRD funds will be linked to the achievement of the DLI 6, strengthening field-based CPD for improved teacher performance.

Subcomponent 1.7: Improved Education Assessments to Enhance Quality

[15] All references to the DTE refer to the DTE post/person and functions in operation at the time of project design, as well as any successor or equivalent thereto.

40. The objective of this subcomponent is to strengthen the enabling context for assessment activities and improve the quality, utility, and accessibility of assessment data. The project will develop an assessments policy framework. It will clarify PEC's mission and implement an Institutional Strengthening Plan (ISP). PEC will build its capacities in three key areas. First, it will enhance the quality of items and tests. Second, it will more effectively analyze assessment data to produce actionable information. Third, it will integrate data sets from various assessments and other relevant resources to allow for more effective analysis of education issues; and develop options for research use of data. For this subcomponent, release of IBRD funds will be linked to the achievement of the DLI 7, PEC and its instruments strengthened within a revised policy framework.

41. **Strategic Area 3: Improving leadership, management and accountability.** The project will strengthen the system of allocation and accountability in the use of NSBs, and better integrate and use education data to lead and efficiently manage the education system. Two subcomponents will support this strategic area.

Subcomponent 1.8: School Specific Non-Salary Budgets

42. The objective of this subcomponent is to improve learning environments through an expanded and more efficient system of allocating and using NSBs. First, the project will simplify the funds flow and extend its coverage to high schools. Second, the project will strengthen the legal-regulatory framework for school governance and build the capacities of SCs and administrators. Third, the NSB allocation formula will be revised to account for incentives, recent changes in school assets endowments, and equity. Mechanisms will be strengthened to supervise timely disbursements and monitor expenditures. The project will also pilot a new disbursement mechanism whereby districts contribute to the NSB budget allocations. For this subcomponent, release of IBRD funds will be linked to the achievement of the DLI 8, setting and executing school budgets in line with school resource needs.

Subcomponent 1.9: Data Strengthening and Performance Management

43. The objective of this subcomponent is to improve evidence-based decision making by strengthening education sector data and promoting its effective use by provincial- and district-level decision makers. First, the project will strengthen and integrate data sets. A private school census will be undertaken. Multiple data sets will be integrated into a common platform and compiled in the form of actionable indicators. Second, the project will facilitate data dissemination including through district report cards, enabling public access, and providing school performance information to SCs. Third, the project will strengthen the capacities of decision makers to analyze data for decision making. Information technology (IT) equipment and services will be supplied where needed. For this subcomponent, release of IBRD funds would be linked to the achievement of the DLI 9, strengthening management capacity and evidence-based decision making.

Component 2: Capacity Building, Project Management, Monitoring, and Evaluation. (Bank financing: US$9.36 million, 3.4 percent of total Bank funding)

44. The objective of this component is to strengthen implementing institutions to design, deliver, and monitor and evaluate activities to achieve their mandates and the DLIs; and to ensure efficient and effective project management. The project will provide critical and strategic TA and capacity building to support and strengthen implementing agencies in the primary and secondary education subsectors in Punjab. This will include the development or review of the ISPs and support for their implementation. In addition, this component will finance the advisory, TA, and capacity-building support to implementing institutions to achieve DLIs 1–9. M&E strengthening of implementing institutions in relation to their DLIs is embedded within the project design, and financing for M&E activities will be funded by this component. It will finance evaluations pertaining to the EVS (DLI 1), ECE (DLI 4), and the strengthening of the DSD's field-based system for CPD as well as a pilot initiative for multi-grade schools (DLI 6); and the baseline and follow-up evaluations of school readiness and primary teaching-learning practices to determine the associated PDO indicator values. It will also finance project operating costs, among others, personnel costs associated with hiring seconded staff (project allowances only) to the Project Management and Implementation Unit (PMIU), TA for the unit, equipment, supervision costs (transportation and per diems), and incremental operating costs at the SED, DSD, PEF, and PEC associated with the work of staff or TA working on project implementation. Communications activities will be financed to provide outreach to stakeholders, particularly women and the poor, as well as to provide information about project activities and benefits.

B. Project Financing

45. The project will be financed by a US$300 million IBRD Loan using an Investment Project Financing lending instrument, based on a results-based funding (RBF) approach. Component 1 will be results-based and project funds will be disbursed against selected key education budget line items referred to as Eligible Expenditure Programs (EEPs), capped at amounts and contingent on the achievement of the agreed DLIs. The EEPs are part of PESP III's budget of eligible activities. The EEPs include: (i) employee related expenditure of primary and secondary subfunctions of provincial and all district governments; (ii) eligible expenditures incurred by the PEF; (iii) Girls' Stipends Program; (iv) NSB; (v) Monitoring Systems (CM Monitoring Force). Component 2 will use a traditional disbursement mode based on unaudited interim unaudited financial reports (IUFRs).

46. The choice of an RBF approach for the project is to allow a focus on results, especially given the GoPunjab's ambitious reform agenda. The DLIs are designed to facilitate implementation of challenging new reform areas, as well as support and scale up ongoing activities under the GoPunjab's education reform program. In addition, the RBF approach serves as an umbrella for other development partners to support shared results in the sector. The GoPunjab is very familiar with the RBF approach and acknowledges its usefulness, as it has been used in both PESP I and II, as well as in several Bank-supported projects in other sectors.

47. The DLIs reflect the GoPunjab's priority reforms in education, and include intermediate results, KPIs, and institutional performance targets. Each DLI has time-bound disbursement-linked targets, which from a disbursement perspective are independent of each other. Noncompliance with a DLI target in a period means that the disbursement of funds associated with that DLI target will be withheld until the target is met, yet it does not affect disbursement against targets of other DLIs. There are 45 targets in total: 27 during years 1–3 and 18 during

years 4–5. Each disbursement target value is weighted equally at US$8.59 million during years 1–3 of project implementation; during years 4–5, each target value is weighted equally at US$3.22 million. This front-loading of loan funds during the first three years of the project will inject resources that will give the GoPunjab's ambitious education reform program a head start. However, the DLI targets for years 4 and 5 will require continued strong commitment by the GoPunjab as well as the provision of adequate financial resources. To fill any financing gap in achieving the years 4–5 DLI targets, the GoPunjab and the Bank will explore the option of additional financing during the project's midterm review, subject to the successful achievement of project DLIs and progress toward achieving the PDOs. The verification of the achievement of the DLIs in a given fiscal year will be conducted no later than the first week of June each year and it is expected that disbursements against the achieved DLIs will be made each year before the end of the government's (and the Bank's) fiscal year on June 30.

48. In 2014–15, the SED received a (revised) budget allocation of PKR 206.41 billion constituting approximately 15 percent of the GoPunjab's provincial budget. Out of this allocation, the SED was able to spend approximately PKR 185.38 billion (90 percent). In each given year, Bank financing of US$300 million is expected to constitute only 2–3 percent of the total forecasted expenditure of the SED. It should be noted that the project and the Bank's contribution of US$300 million is ensconced within the larger education sector reform program which is designed based on the 2018 Education Goals.

Table 2. Total Project Cost and Financing

Funding Source	Total (in US$, million)	Share (in percent)
Total Provincial government education financing for education sector	12,907.5	96.6
IBRD	300	2.3
DFID[16]	150 (GBP 100 equivalent)	1.1
Total	13,357.5	100

C. Lessons Learned and Reflected in the Project Design

49. The design of the PESP III is informed by the lessons learned from the Bank's long-standing engagement in the education sector in Punjab, including PESP I and II, in addition to other education programs in the country and region. The following description reflects the lessons learned which will be used to inform the design of the project.

50. **The results-based instrument in the Pakistan context, specifically the use of DLIs with predefined implementation progress and performance targets has contributed significantly to sector dialogue** being entrenched in an overall program focused on predefined results, political ownership, and donor coordination. This instrument was put in place during the first phase of PESP I and has contributed to donor harmonization because it facilitates

[16] DFID funding is GBP 420 million over the period from 2014–2018, of which sector budget support is GBP 100 million (US$150 million equivalent) and the rest is financed through TA functioning outside the government program. Of the total committed amount, GBP 270 million remains unspent. DFID funding is parallel financing, not project co-financing.

implementation support (IS) to a government strategy under a common results framework and reduces the government's reporting burden. Hence, this project will continue to use the RBF modality.

51. **Clear articulation of linkages in formulating indicators, DLI targets, and protocols** spelled out clearly are important to focus efforts on factors that are critical to the achievement of the project objectives. Furthermore, the DLI targets need to be formulated very carefully to avoid any ambiguity in the gauging of results and to ensure that agreed protocols are followed.

52. **Strengthening data systems to improve the quantity and quality of data in the education system leads to better outcome data.** In Punjab, the use of monitoring and evaluation assistants (MEAs) has had a positive impact on the decrease in teacher absenteeism in the past decade. However, there needs to be an equal focus on the use of outcome information and monitoring data, which is an essential aspect to the strengthening of data systems.

53. **Capacity Building and TA**, as well as continued Bank IS in an advisory capacity, are critical complements to a RBF approach. Continuous and intensive TA to the implementing agencies has been shown to result in timely identification and resolution of implementation challenges.

54. **Partnerships between the GoPunjab and the private sector schooling system have positive results** in Punjab making these partnerships a viable complement to the GoPunjab's efforts to improve education goals. Rigorous evidence illustrates that the PPP initiatives in Punjab (through the PEF and nongovernmental organizations [NGOs] in rural areas) have generated large and quick gains in both enrollment and achievement, which have reinforced the GoPunjab's commitment to partnering with the private sector particularly in hard-to-reach and underserved areas of the province. Given the success so far with these partnerships, they will be a key feature of the project.

55. **A realistic assessment of the district and provincial capacity to implement reforms is important in informing the design and sequencing of the reform program for maximum impact.** This is particularly important as reform implemented too quickly without adequate time given to the study of its impact and ownership by all stakeholders can have an adverse effect and set back whatever incremental progress may have been made. Hence the project will strengthen district-level management and decision-making capacity. In addition, the need to have a flexible approach to implementing reforms, including phasing-in, will be a critical aspect to the project design.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

56. Implementation arrangements for PESP III rely primarily on the arrangements which have been in place for both phases of the PESRP I and PESRP II, and which will continue to be in place for the implementation of the GoPunjab's sector reforms as articulated in its 2018 Education Goals. The GoPunjab's Planning and Development (P&D) Board will continue to head the Provincial Project Steering Committee (PPSC) for the 2018 Education Goals, with the participation of, among others, the Finance Department (FD), and the SED/PMIU and its sub

departments. The PPSC will provide overall strategic guidance and enabling support to the education sector reform program, and serve as a forum for high-level decision making and an interface with the political leadership.

57. Under PESP III, the SED/PMIU will be responsible for (a) reporting on the DLIs, EEPs, monitoring indicators, and TA implementation; (b) ensuring that the Bank's fiduciary regulations and requirements are followed; and (c) coordinating support from and actively communicating with the Bank and other development partners. The SED/PMIU will share project implementation and monitoring responsibilities with district education administrations, which have primary responsibility for public education service delivery and have staff at the district and sub district levels.

58. The SED is supported by apex educational institutions for project implementation at the provincial level. Institutions, which will implement activities under the project include the DSD, the PEC, and the PEF. See annex 3 for details.

59. Strengthening the PMIU's capacity to provide technical guidance and fiduciary oversight of program activities is a critical part of the project design. Key steps to be supported under the project to strengthen implementation effectiveness at the PMIU and field level include (a) strengthening capacity of oversight over all focal persons responsible for DLI monitoring and/or implementation; (b) ensuring that the Communication Cell is staffed adequately and with relevant expertise; and (c) reviewing the scope of services of the Research and Policy Wing to improve its effectiveness to cater to just-in-time demands. The PMIU will leverage TA funds to hire expertise and operational staff as needed.

B. Results Monitoring and Evaluation

60. The PDO indicators will be measured using different data sources. The school participation rate will be sourced from the PSLM Survey, a large-scale representative household sample survey, which serves as the main data source of the government to measure progress toward the SDGs. The completion rate (Grade 5) will be calculated based on data from the Annual School Census (ASC), which is conducted by the SED/PMIU. The quality score of primary teaching-learning practices will be generated through a representative sample of classroom observations in schools targeted under DLI 6, conducted by contracted TA using a validated observations format designed to measure the quality of learning-related practices that are targeted by the DSD under the project. The level of preschool readiness will be derived from observations using the MELQO tool (or a similar one), which will be administered by contracted TA to a representative sample of children who have completed at least one preschool year at the ECE schools targeted under DLI 4. The TA generating the quality score and the level of preschool readiness will be managed by the PMIU, working in close collaboration with the DSD.

61. The PMIU under the SED will be responsible for the following project-specific M&E activities: (a) routine monitoring of project performance; (b) overseeing and coordinating data collection for results framework indicators; (c) reporting on indicator values at the intervals stipulated in the framework; (d) providing the evidence for the DLIs; (e) validating data provided by implementing agencies, where necessary, and as amplified in the DLIs and the results framework; (f) conducting project midterm and completion reviews; and (g) coordinating the

surveys and evaluations conducted during the project. The PMIU will contract implementing partners to support data validation exercises, as needed; and in such cases will be responsible for controlling the quality of the IPs' work. The PMIU has a dedicated M&E unit which also acts as the M&E wing of the SED and regulates an effective data collection system at the district level. It oversees the conduct and processing of the ASC and a monthly monitoring system (covering approximately 53,000 schools), which generate vital information on the education system and will be used for project monitoring purposes.

62. All agencies with implementation responsibilities under Component 1—principally the PEF, DSD, and PEC—have their own internal mechanisms for M&E, and will be responsible for monitoring and reporting on activities, and for generating information for the results framework as explained in annex 1. These mechanisms will be strengthened specifically in relation to DLI activities and more generally through institutional strengthening support, as envisaged under Component 2. All monitoring data will be used to improve the design and implementation of project interventions and to introduce course corrections as needed.

63. The project will support evaluations of initiatives pertaining to the EVS (DLI 1), ECE (DLI 4), and strengthening of the DSD's field-based CPD system and a pilot initiative for multi-grade schools (DLI 6); as well as the baseline and follow-up evaluations of teaching-learning practices and school readiness to determine the quality-score and school readiness PDO indicators. It will also conduct independent data validation and review exercises, including of DSD data (pertaining to ECE and primary grade teachers), the implementation of the teacher recruitment policy, and funds disbursement reported by the FD. (See annexes 1 and 2 for a full list). In addition to yielding lessons and recommendations on project-financed reforms, these independent exercises provide objective information pertaining to DLI values and project results. Whenever conducted before year 5, these exercises will be used to introduce course corrections, and to strengthen the design and implementation of project interventions.

C. Sustainability

64. The sustainability of the interventions, particularly those that are being carried forward from PESP II, is supported by several factors. First is the priority given to education for the past three years by the political leadership, illustrated by the chief minister's push for the full implementation of the road map which developed the 2018 Education Goals which the project adheres to. As a result, the project's interventions and their success are more likely to be ensconced within the larger political discourse, which would then be translated into action and sustainable government programs. This is how it worked for the large part of the implementation period for PESP II. Second, all activities in the project are part of the government's budget, which, given the experience of past operations with this modality, greatly increases the chances of fiscal sustainability. In addition, with regard to stakeholder and counterpart ownership and commitment to the effective implementation of the interventions the following two points should be considered: (a) the GoPunjab has been in the driver's seat of this set of reforms, both in their implementation in PESP II and in the design of new interventions and (b) considerable consultations have taken place, during the design of this third phase of reform, with parents and communities, school leaders, district education officials, teachers, and district teacher educators as well as stakeholders and government officials in Lahore. Notwithstanding, there remain moderate risks to sustainability and these are discussed in more detail in annex 5.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

Table 3. Summary of Risks

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Low
8. Stakeholders	Moderate
9. Other: Security	Substantial
OVERALL	Moderate

65. The overall implementation risk rating for the project is Moderate. Substantial risks to the project arise from country level factors. There is a substantial risk of sudden change to the political landscape in Pakistan, and this political instability creates the risk of a shift or change in government priorities. Moreover, governance is a considerable concern for growth and development in Pakistan. Institutions of accountability have not provided a strong framework for holding the executive or service delivery agents accountable for results. Initial steps taken by the government to improve transparency, accountability, and participation have as yet had limited impact. Macroeconomic risk is rated as Substantial, as the country's fiscal situation remains highly vulnerable, particularly in light of expansionary spending linked to security and the continuous natural disasters. The fiscal deficit remains large and progress on revenue mobilization, power reforms, and SOEs restructuring is slow. The security risk is also substantial throughout the country given ongoing actions by militant groups and counteractivities by the military.

66. Continued strong dialogue and analytic work with all levels of government and political parties to make the case for priority reforms at the macroeconomic and sector levels is expected to help mitigate these risks, and is part of the Bank's overall risk mitigation strategy at the country level. In this context, the Bank will work together with the government and development partners to sustain momentum for key reforms (for example, tax policy and administration, power sector, and so on). At the project and province level, the Bank will continue to engage at all levels to ensure that priority is given to the education sector. The DLI structure will also help to focus on results even within a shifting macro and security environment.

67. There exists strong government ownership and support of the project and considerable alignment of expected outcomes among all stakeholders. There is some expected resistance to institutional reform, which may pose risks to timely implementation but the lessons learned from PESP II, on how to push critical reform through, will be useful in this regard and will be a mitigating factor in this regard. Economic conditions remain poor, possibly dampening the demand for schooling and the GoPunjab's ability to finance major increases to the budget, given its improving but still unfavorable fiscal position. The project's activities in many areas are new,

technically complex, and/or politically difficult, and thus require careful design and implementation, with a range of efforts to build strong and wide ownership for sustained efforts.

68. Despite the overall risk rating as Moderate, it is important that there is continuous engagement with all levels of government and stakeholders to maintain focus on priority reforms. The use of DLIs is expected to promote institutional reforms, which will encourage the GoPunjab's agenda of making important structural changes to the institutional framework in the sector, and protect the continuity of desira ble reforms and activities. TA funds will be leveraged to support institutional strengthening of key implementing institutions and support capacity building at the field level.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

69. **Expected development impact.** The project aims to support the GoPunjab to improve participation, completion, and quality of school education with a particular focus on low-performing districts. In doing so, the project will contribute toward higher completion rates and hence an increased number of years of schooling and, consequently, increased probability of employment and higher adult labor earnings. Additional benefits are expected from accountability-related reforms, which will increase school and system accountability through increased awareness and access to information.

70. **Rationale for public sector provision.** While the private sector plays a critical role in education service delivery in Punjab, the public sector is the primary provider of services, as 64 percent of the total in-school population between the ages of 6 and 15 is enrolled in government schools.[17] Furthermore, the public sector is the only entity in the province that has an administrative presence at the district and sub district level. Therefore, reforms to improve education outcomes in the province will require public sector financing and a focus on strengthening public sector service delivery. Public investments in primary and secondary education are warranted as economic benefits outweigh costs associated with such investments (see annex 6). The cost-benefit analysis provides justification for public sector financing. Under the base case scenario, the net present value (NPV) of the project is US$4.25 billion and the economic internal rate of return is 26 percent. The results of the sensitivity analysis suggest that the economic internal rate of return varies from 23 percent to 29 percent and the NPV from US$3.36 billion to US$5.15 billion.[18]

71. **Valued added of Bank's support.** The Bank is well-placed to provide support to the primary and secondary education sector in Punjab, given its global and local operational experience and technical expertise in the education sector. The Bank has a long history of supporting the GoPunjab's education sector reform programs through a succession of DPCs from 2004–2007 and two sector investment loans from 2009 to 2015. This engagement has not only

[17] Statistics derived from the PSLM Survey 2012/13 data

[18] This analysis assumes that the non-salary expenditures of the SED budget are part of the additional investments required to implement PESP III and the analysis also factors in the estimated PESP III component costs. For more information, see annex 6.

facilitated a sector wide approach to supporting education in Punjab, but has also provided the government with rigorous evaluations of various programs.

B. Technical

72. The technical content of the project has been designed based on the GoPunjab's reform program as articulated in its 2018 Education Goals and its Growth Strategy and the lessons and experience of the past decade of interventions in Punjab. Furthermore, the Bank team has a rich repertoire of analytic studies, third-party validations (TPVs) from PESRP II and impact evaluations which have supported the project's design. This has been combined with the Bank's experience globally and in the rest of Pakistan through similar schemes and extensive stakeholder consultations. In selected subcomponents, proposed actions are targeted at smaller numbers of specific beneficiaries such as the EVS. In addition, many of the interventions will be piloted and scaled up once results have been assessed. This approach is based on the premise that new innovations, even if tried and tested in other contexts, require careful implementation and learning before scaling up and rolling out.

73. The project's technical impact will be the successful implementation of the GoPunjab's 2018 Education Goals, leading to an increase in the participation rates and education outcomes of children. There will also be an impact on the longer-term goals of system reform pertaining to PPPs in education delivery, teacher support in the classroom, mainstreaming and expansion of ECE, NSBs for SCs to spend, and standardized testing for Grades 5 and 8.

C. Financial Management

74. The FM arrangements designed for PESP III rely on the country's FM systems and the existing systems of PESP II to the extent possible. An assessment of current FM arrangements was carried out for all implementing entities with a focus on the SED from whose budget EEPs have been selected. The proposed FM procedures and practices for the project are satisfactory for meeting the requirements of OP/BP 10.00. Annex 3 contains the assessment of the project's FM arrangements. The overall FM risk is rated Moderate due to the positive progress noted in the Public Expenditure and Financial Accountability (PEFA) and the Public Financial Management and Accountability Assessment of 2012, as well as the acceptable capacity of the FM staff and system at the PMIU, provided establishing of an Internal Auditing Section in the PMIU or outsourcing it on time to mitigate risks pertaining to accounting and internal controls.

75. Component 1 will be DLI-based with the EEPs selected from SED salaries and other line items from the education sector budget. The reporting method will be through biannual IUFRs prepared by the PMIU and will be subject to review by the accountant general of Punjab and FD of the GoPunjab before submission to the Bank for reimbursement to the GoPunjab. Disbursements for Component 2 will be on an advance basis. A segregated designated account will not be established for PESP III, however funds will be disbursed by the FD in the Special Drawing Account (SDA) for meeting TA expenditure under Component 2 operated by the PMIU. The PMIU will submit IUFRs to the Bank in an agreed format within 45 days of the close of each semester. The IUFRs submitted will be used to document expenditures incurred against advances disbursed into the Provincial Consolidated Fund Account No. 1 (Non-Food).

76. Annually for Component 1 and biannually for Component 2 of the project, the PMIU will submit to the Bank a withdrawal application for all disbursements, which will be signed by a representative of the FD and the PMIU project director. The application will include the IUFRs for both the EEPs and the PMIU (for Component 2), and DLI results reports for disbursement and the documentation of expenditure.

D. Procurement

77. TA activities under Component 2 of the project will be carried out in accordance with the Bank‘s ‘Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers’, dated January 2011 and revised July 2014; and ‘Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers’, dated January 2011 and revised July 2014. Identified EEPs do not contain any procurable items. The capacity of the PMIU will need to be bolstered and in addition to the existing procurement staff, a procurement specialist and a contract management specialist will also be recruited/notified. Moreover, the existing standard operating procedures (SOPs) will be updated for the purposes of the project.

E. Social (including Safeguards)

78. Project activities do not include any interventions that may lead to involuntary resettlement. Thus OP 4.12 will not be triggered. Further, the project is not located in an area known to have indigenous people and does not trigger OP 4.10.

79. As part of project preparation, a Social and Gender Assessment was conducted (see annex 3). The assessment explored a number of social issues related to and including exclusion, poverty, household dynamics, and gender roles and their impact on school enrollment and dropout, particularly for girls. In addition, a stakeholder analysis was also undertaken. The findings show that while caste and religious affiliations do not impact school enrollment, household poverty and labor requirements continue to influence it. For boys, even at a young age, the need to learn a skill and add to family income prevents school enrollment. For young girls, household duties act as the main preventive reason.

80. **Poverty.** To address the poverty constraints preventing households from sending children to school, the project will leverage PPPs in education to provide access to low-cost private schooling free of cost, for typically poor households. In addition, the project will also target LPDs through other results areas which are also most likely to have large pockets of poor households.

81. **Gender.** Gender is a critical cross-cutting theme of the project. Each component activity will pay special attention to gender dimensions to improve participation, completion, and quality of teaching-learning practices for female students and teachers. Specifically, the project will continue to support the PSSSP to incentivize households to send girls to secondary schools. In addition, female participation in SCs will be supported, and their capacity will be strengthened to ensure that they are well prepared to manage resources more efficiently.

82. **Citizen engagement.** The project will strengthen trainings for SCs regarding their role, improve their capacity for financial oversight and introduce some auditing oversight for NSB

funds to ensure greater community engagement. In addition, the ECE intervention will also engage parents through awareness campaigns and trainings on child health and nutrition needs. Moreover, there is a Complaints Redressal Cell within the chief minister's secretariat that is in place, which will be strengthened so that SCs and other stakeholders can get recourse to complaints redressal.

83. The stakeholder analysis highlighted the need for improved coordination between the SED, PEC, DSD, and other institutions (including district-level administration). The demands placed on teachers for duties other than teaching also need to be rationalized.

F. Environment (including Safeguards)

84. Not applicable. This Project is an Environmental Category C given that the Project does not involve any physical works, civil works or rehabilitation and hence has no interactions with the physical environment relevant to safeguards analysis.

G. World Bank Grievance Redress

85. Communities and individuals who believe that they are adversely affected by a Bank-supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project-affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of the Bank's noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and Bank management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate GRS, visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank Inspection Panel, visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

PAKISTAN: Third Punjab Education Sector Project

Results Framework							
Project Development Objectives							
PDO Statement							
To support Punjab to improve school participation, completion, and teaching-learning practices with a particular focus on low-performing districts.							
These results are at	Project Level						
Project Development Objective Indicators							
Indicator Name	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**End Target**
School participation rate (6–15 years) (Percentage), disaggregated by:	75.8	–	–	77	–	79	79
Girls (6–10 years) Boys (6–10 years) Girls (11–15 years) Boys (11–15 years) LPDs	77.8 85.4 64.6 75.4 68.5	–	–	79 86 66 77 70	–	80 87 68 79 73	80 87 68 79 73
Completion rate, Grade 5 (Percentage), disaggregated by gender:	67	–	–	68	–	70	70
Boys Girls	69 66	–	–	70 67	–	71 69	71 69
Quality score of primary teaching-learning practices	To be determined by December 2016. (See notes in the indicator description table)	–	–	–	–	Improvement over baseline	Improvement over baseline
Level of school readiness	To be determined by December	–	–	–	–	Improvement over baseline	Improvement over baseline

	2016						
Intermediate Results Indicators							
		Cumulative Target Values					
Indicator Name	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**End Target**
Number of additional children of age 6–16 years to whom a voucher is provided to pay low-cost private school tuition fees (Number), disaggregated by gender:	0	0	10,000	130,000	270,000	420,000	420,000
Girls Boys	0 0	0 0	5,000 5,000	65,000 65,000	135,000 135,000	210,000 210,000	210,000 210,000
Number of additional children enrolled in PPP initiatives supported by the PEF under a quality assurance system (Number), disaggregated by gender:	0	180,000	360,000	540,000	720,000	900,000	900,000
Boys Girls	0 0	90,000 90,000	180,000 180,000	270,000 270,000	360,000 360,000	450,000 450,000	450,000 450,000
Number of additional schools covered by PPP initiatives supported by the PEF under a quality assurance system (Number)	0	225	450	675	900	1,125	1,125
Number of children of age 3–5 years enrolled in an ECE classroom that meets quality standards (Number), disaggregated by gender:	0.00	0	30,0000	75,000	135,000	210,000	210,000

Boys Girls	0 0	0 0	15,000 15,000	37,500 37,500	67,500 67,500	105,000 105,000	105,000 105,000
Percentage of new teachers recruited based on merit, for all vacant posts under the initial recruitment quota reallocated to schools according to the recruitment policy (Percentage)	100	100	100	100	100	100	100
Number of districts in which at least 85% of primary public schools are covered by strengthened package of field-based CPD (Number)	0	0	4	8	12	18	18
Grades 5 and 8 PEC (revised) results are analyzed and widely disseminated in actionable form (Text)	PEC instruments do not use equated items or measure higher-order cognitive skills, and results are not disseminated in actionable form	Instruments revision	Revised instruments piloted	Grades 5 and 8 PEC (revised) administered to all public school children.	Grades 5 and 8 PEC results are analyzed and reported in actionable form.	Grades 5 and 8 PEC results are analyzed and reported in actionable form.	PEC results from previous year are analyzed and disseminated in actionable form.
NSB execution rate	TBD	–	–	Increase of 2 percentage points over baseline	–	Increase of 5 percentage points over baseline	Increase of 5 percentage points over baseline
Number of Executive District Offices (EDOs)-Education that analyze and act on revised district education report card generated from integrated database (Number)	0	0	3	12	36	36	36
Number of SC members reached through citizen engagement initiatives	80,000	80,000	96,000	128,000	212,000	212,000	212,000

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition and so on.)	Frequency	Data Source/Methodology	Responsibility for Data Collection
School participation rate	Measures the number of children in the relevant age group who are enrolled in school (regardless of grade), expressed as a percentage of the number of children in the relevant age group.	Years 3 and 5	**PSLM.** Baseline data are from 2013–14, with the exception of the LPDs (2012–13).	Pakistan Bureau of Statistics
Completion rate, Grade 5	An indicator of the extent to which children who enroll in Grade 1 then go on to successfully complete Grade 5. The data will cover only government schools. The rate is calculated using the number of children enrolled in Grade 5 as a percentage of the number of children enrolled in Grade 1, four years earlier.	Years 3 and 5	School census data, which are collected from all government schools using a standardized format at the midpoint of the academic year. The baseline is calculated using data from 2010 and 2014.	PMIU/SED/MEAs
Quality score of primary teaching-learning practices	A score that measures the quality of teaching-learning practices at the primary level. The quality of practices is scored based on data derived from an observation format that covers different domains of teaching-learning practice, such as classroom organization, instructional support, and emotional support. The practices observed are those known to be related to student learning.	**Baseline and year 5.** The baseline value is scheduled to be determined by December 2016.	**Independent third party.** Derived from observations of a representative sample of teachers or classrooms targeted under DLI 6. The observation format will be aligned with the teaching-learning practices targeted by the DSD. Once the instrument has been designed and validated, and a team of observers has been trained to reliably collect data, the baseline data collection will be undertaken to determine the baseline value.	PMIU/DSD/third party
Level of school readiness	Measures the child's readiness for primary school. The level is a score derived from the child's performance on a preschool readiness measurement tool that assesses preliteracy,	Baseline and year 5	**Independent third party.** The MELQO tool (or a similar one) will be used, and administered to a representative sample of	PMIU/DSD/third party

	prenumeracy and fine motor skills, as well as the child's level of language and socioemotional development.		children who have completed the preschool year at schools targeted under DLI 4.	

Intermediate Results Indicators

Indicator Name	Description (indicator definition and so on.)	Frequency	Data Source/Methodology	Responsibility for Data Collection
Number of additional children of age 6–16 years to whom a voucher is provided to pay low-cost private school tuition fees	Measures the number of children to whom a voucher is provided to pay for low-cost private school tuition at a school that maintains quality standards as contractually defined between the school and the PEF. This indicator will include only those children who participate in the EVS that uses a strengthened quality assurance system designed under the project; and who are in addition to the children enrolled in the EVS schools as captured in the DLI baseline	Annual	PEF, using own and PEF-validated partner school data	PEF. Partner schools are responsible for providing attendance data. The PEF is responsible for administering QAT.
Number of additional schools covered by PPP initiatives supported by the PEF under a quality assurance system	Measures the number of additional schools covered by a PPP initiative and for which there is a quality assurance system strengthened by the project. 'Additional' means schools that are in addition to the schools included in the DLI baseline.	Annual	PEF	PEF. Based on PEF-validated data provided by partner schools.
Number of additional children enrolled in PPP initiatives supported by the PEF under a quality assurance system	Measures the number of children enrolled in additional schools covered by a PPP initiative and for which there is a quality assurance system strengthened by the project. These children are in addition to children enrolled in PPP schools already operating at baseline, as captured in the DLI.	Annual	PEF	PEF. Based on PEF-validated data provided by partner schools.
Number of children of age 3–5 years enrolled in an ECE classroom that meets quality standards	Measures the number of children enrolled in the classrooms that meet all the quality standards, as stipulated in DLI 4	Annual	**DSD.** DTE data to be validated on a sample basis in years 3 and 5 by a third party evaluation.	PMIU/DSD
Percentage of new teachers who are recruited based on	Measures the number of new teachers recruited based on merit for all vacant posts (which are	Annual	**EDOs/District Monitoring Officers (DMOs).** The data	PMIU

merit, for all vacant posts under the initial recruitment quota reallocated to schools according to the recruitment policy	to be filled by initial recruitment of teachers and not by promotions) reallocated to schools based on the recruitment policy, as a percentage of all new teachers recruited for those vacant posts		will be validated in year 3 by a third party.	
Number of districts in which at least 85% of primary public schools are covered by strengthened package of field-based CPD	Measures the number of districts in which at least 85% of primary public schools receive all elements of the strengthened package. The elements are those that are stipulated in DLI 6.	Annual	DTEs. The data will be validated on a sample basis in years 3 and 5 by a third party.	PMIU/DSD
Grades 5 and 8 PEC (revised) results are analyzed and reported in actionable form	Revised instruments will include instruments that measure higher-order cognitive skills and contain items that are designed for inter-year equitability. The reporting of data in actionable form means that the data are analyzed, tailored, and disseminated to relevant stakeholders (teachers/trainers, curriculum and textbook developers, and decision makers) in a form that is useful to them in deciding what actions can be taken to improve the quality of education.	In years 4 and 5	TPV Report	PMIU/PEC
NSB execution rate	Equivalent to the funds expended by schools against the NSB funds received by schools, as a percentage of the NSB funds received by schools	To establish baseline, and in years 3 and 5	Third party surveys will be conducted to establish baseline, and in years 3 and 5	PMIU
Number of EDOs-Education that analyze and act on revised district education report card generated from integrated database	Measures the number of EDOs-Education that analyze the revised District Report Cards generated from the integrated database, and that take action based on the analysis. Evidence of analysis and action will be based on minutes of the District Review Committee (DRC), using a protocol to be elaborated during the first 6 months of the project implementation period. Only those DRCs will be analyzed that have received training through the project on how to analyze and act on the data in the revised district education report card. 'Revised' refers to revisions to be made to the report card as described in annex 2. 'Integrated' means	Annual	PMIU	PMIU

	that the report card is generated from a master database that incorporates data sets as agreed in the Memorandum of Understanding to be elaborated in year 1 of project implementation.			
Number of SC members reached through citizen engagement initiatives	Measures the number of members of a SC (mostly parents) who are given a forum through either a school mobilization program (on going) based on information and communication technology (ICT) or any other forum to voice their service delivery related needs and/or complaints. This will be measured through the data collected by the PMIU on the SC mobilization program(s).	Annual	PMIU	PMIU

PAKISTAN: Third Punjab Education Sector Project (P154524)

Disbursement-Linked Indicators

DLI 1	Baseline	Target Values				
	2015	2016–17	2017–18	2018–19	2019–20	2020–21
DLI 1: Private school vouchers Strengthening program design to expand coverage of tuition-replacement vouchers to children from disadvantaged households	• Vouchers to attend private schools provided to 322,679 children from disadvantaged households • The program has undergone rapid expansion, and present design features need to be revisited to ensure more effective beneficiary selection and monitoring	Revised EVS system in place; and PEF initiates pilot for EVS.	10,000 Eligible Children received vouchers to attend private schools; and • PEF's Board of Directors approved the Revised System for EVS.	130,000 Eligible Children received vouchers to attend private schools.	270,000 Eligible Children received vouchers to attend private schools.	420,000 Eligible Children received vouchers to attend private schools.

Definitions, Evidence, and Verification Protocol

Definitions

- All targets are cumulative and are in addition to the number of children attending the EVS schools as captured in the baseline. In the LPDs and included in the targets for DLIs 1 and 2 (under the EVS and PPP Programs), the cumulative number of children who were previously out of school will be not less than 150,000 by year 5
- Pilot initiated is defined as vouchers distributed to households under the revised system
- The revised system includes revised beneficiary targeting and validation system, and improved monitoring system includes quarterly monitoring of partner schools
- "Eligible Children" refers to those children who would be able to participate in the EVS as defined by the PEF Board of Directors' criteria for eligibility.

Evidence

- (a) Database of registered voucher recipients (with unique identifiers) (b) database of partner schools (with unique identifiers) (c) expenditures under the vouchers program, in agreed format
- QAT and monitoring database of schools and beneficiaries with unique identifiers

- Approval by the PEF's board of directors will be evidenced with official board minutes. Evidence provided by the PEF to the PMIU

DLI 2	Baseline	Target Values				
	2015	2016–17	2017–18	2018–19	2019–20	2020–21
DLI 2. Public-private partnerships in education Leveraging the private sector to support schools to increase enrollment	Currently 1.3 million children are studying in PEF partner schools through the NSP and FAS. Capacity to enroll additional children through PPPs remains	180,000 children are enrolled through Public-Private Partnerships under PEF approved programs that have a Strengthened Quality Assurance System.	360,000 children are enrolled through Public-Private Partnerships under PEF approved programs that have a Strengthened Quality Assurance System.	540,000 children are enrolled through Public-Private Partnerships under PEF approved programs that have a Strengthened Quality Assurance System.	720,000 children are enrolled through Public Private Partnerships under PEF approved programs that have a Strengthened Quality Assurance System.	900,000 children are enrolled through Public Private Partnerships under PEF approved programs that have a Strengthened Quality Assurance System.

Definitions, Evidence, and Verification Protocol

Definitions

- All targets are cumulative, and are over and above the 1.3 million baseline. In the LPDs and included in the targets for DLIs 1 and 2 (under the EVS and PPP programs), the cumulative number of children who were previously out of school will be not less than 150,000 by year 5.
- PEF-approved programs to include the FAS, NSP, and any newly developed program including the Public School Support Program that is approved by the PEF's Board and is acceptable to the Bank.
- PPPs will be between the PEF and the private sector including private school owners, NGOs, civil society organizations, and educational institutions.
- Strengthened quality assurance system includes (but is not necessarily limited to) CPD support to teachers; improved QATs; and enhanced monitoring of partner schools to include quarterly monitoring.
- Minimum performance standards are those that are contractually agreed to between the PEF and the partner school, and are acceptable to the Bank.

Evidence

Database of beneficiary students, database of partner schools, periodic monitoring reports, TPV reports, and QAT results. Approval of a program by the PEF will be evidenced by official minutes of the PEF Board meetings. Evidence provided by the PEF to the PMIU

DLI 3	Baseline	Target Values				
	2015	2016–17	2017–18	2018–19	2019–20	2020–21
DLI 3. Stipends for secondary school girls Stipends for secondary school girls to increase secondary school participation/retention	Stipends are offered to girls enrolled in secondary grades in 16 districts under the original program. The stipend amount and conditions have remained unchanged since program inception.	SED has strengthened its original program and is implementing it in 16 Districts.	SED continues to implement the strengthened program in 16 Districts.	SED continues to implement the strengthened program in 16 Districts.	SED continues to implement the strengthened program in 16 Districts.	SED continues to implement the strengthened program in 16 Districts.

Definitions

- Strengthened program includes additional repetition condition (whereby a student becomes ineligible during a repeated grade), biannual stipend payments, and more efficient payment mechanisms.
- Ongoing Stipend Program includes the 16 districts where girls enrolled in secondary school have been receiving stipends since 2004.

Evidence

- Database of beneficiaries in agreed format
- Biannual program implementation status report with beneficiary identification, confirmation, and disbursement data, in agreed format

DLI 4	**Baseline**	**Target Values**				
	2015	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**
DLI 4: Early childhood education Improving quality and expanding access to early childhood education	ECE is currently being implemented on a small scale	SED has approved the ECE Policy Framework, which includes Quality Standards for ECE classrooms.	1,000 schools have classrooms that meet the Quality Standards prescribed by the ECE Policy Framework.	2,500 schools have classrooms that meet the Quality Standards prescribed by the ECE Policy Framework; and 50 schools have started implementation of District health/ nutrition officers pilot.	4,500 schools have classrooms that meet the Quality Standards prescribed by the ECE Policy Framework.	7,000 schools have classrooms that meet the Quality Standards prescribed by the ECE Policy Framework.

Definitions, Evidence, and Verification Protocol

Definitions

- All targets are cumulative
- ECE Policy Framework includes institutional unit and budget planning.
- An ECE teacher is defined as a primary schoolteacher who has received the DSD ECE teacher training.
- An ECE caregiver is defined as an individual recruited with revised Terms of Reference (ToR) and who has received the DSD ECE caregiver training.
- 'Revised' ToRs mean that the ToRs have been updated and reviewed by the DSD, SED, and PMIU after project effectiveness.

ECE Quality Standards for a Classroom and its School

- **Staffing.** One ECE teacher and one ECE caregiver
- **Training.** The following persons have received in-service training on ECE through the DSD: ECE teacher, ECE caregiver, head teacher and 2 School Management Council members, of whom one must be a woman
- **Content.** ECE curriculum and ECE activity guide in use
- **Materials.** ECE toolkit
- **Monitoring for improvement.** DTE (or equivalent) mandate revised to include ECE classrooms. ECE classrooms are monitored once a month by the DTEs (or equivalent) who have received ECE training and provide feedback for improvement to ECE teacher and ECE caregivers.
- **Parental outreach.** Parents have received parent activity guide and follow-up; quarterly parent meetings held at schools. Evidence to be provided by the PMIU with DSD inputs.
- The ECE curriculum and activity guide are judged to be in use (or not) by the DTE (or equivalent) during the on-site support visit.
- **Pilot.** District health/nutrition officers receive training in early childhood development to provide information on health and nutrition to ECE classes and identify malnourished children to refer to district health centers.

Evidence

- Random sample of reports from the DTEs on classrooms meeting quality standards.
- Approved ECE Policy Framework with quality standards signed by relevant authority (Secretary Schools Education Department)
- Database of schools with ECE classrooms that meet quality standards, in an agreed format
- TPV report in an agreed format

DLI 5	**Baseline**	**Target values**				
	2015	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**
DLI 5. Human Resources Management Strengthening HR processes through continuous merit-based recruitment and rationalization of teaching posts	Merit-based recruitment of new teachers for all vacant posts reallocated to schools based on existing recruitment policy	SED has started implementation of its recruitment policy for Merit-Based Recruitment of new teachers and reallocation of posts.	SED continues to implement its recruitment policy for Merit-Based Recruitment of new teachers and reallocation of posts. Third-party validation of the SED's recruitment policy for Merit-Based Recruitment of new teachers and reallocation of posts completed.	SED continues to implement its recruitment policy for Merit-Based Recruitment of new teachers and reallocation of posts.	SED continues to implement its recruitment policy for Merit-Based Recruitment of new teachers and reallocation of posts.	SED continues to implement its recruitment policy for Merit-Based Recruitment of new teachers and reallocation of posts.

Definitions, Evidence, and Verification Protocol

- Merit-based recruitment means hiring of 100 percent newly recruited teachers under initial recruitment quota through competitive tests carried out by a third party as under PESRP II. Vacant posts will be identified by district officials based on the recruitment policy.
- Initial recruitment quota is identified as vacant posts, which will be filled by hiring of new teachers and not by promotions or transfers of existing teachers.
- TPV conducted in 2017–18 will review implementation of recruitment policy with particular focus on merit-based recruitment and reallocation of teaching posts. The TPV review of test-based recruitment will identify potential improvements in test content, design, administration, and use of results. Review of recruitment and reallocation policy will identify the ratio of success in implementation and propose changes to address challenges.

Evidence

Approved recruitment policy, teacher-specific test results, and placement information in agreed format. In 2017–18, the SED will submit a revised recruitment and reallocation mechanism acceptable to the Bank.

DLI 6	**Baseline**	**Target Values**				
	2015	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**
DLI 6. Quality in the primary classroom Strengthening field-based CPD for	Field-based system of CPD has mixed operational capacity and performance,	DSD has designed: (a) the elements of the New Mainstream Phase of integrated CPD program and piloted its	At least 85% of primary school teachers in 4 Districts covered by the New Mainstream Phase of integrated CPD	At least 85% of primary school teachers in 8 Districts covered by New Mainstream Phase of integrated CPD	At least 85% of primary school teachers in 12 Districts covered by New Mainstream Phase of integrated CPD	At least 85% of primary school teachers in 18 Districts covered by New Mainstream

improved teacher performance	and poor design match with multigrade and large class teaching.	key components; and (b) an innovative teachers support package and tested its components	program; and DSD is implementing the validated innovative teachers support package in at least 100 schools	program; and DSD continues to implement the validated innovative teachers support package in at least 100 schools	program; DSD has analyzed and disseminated: (a) the results of the integrated CPD program evaluation and integrated its findings into the CPD system; and (b) the results of the innovative teachers support package evaluation.	Phase of integrated CPD program.

Definitions, Evidence, and Verification Protocol:

- The new mainstream phase strengthens the existing CPD system for primary teachers, and focuses on literacy, numeracy, multigrade, and large class teaching. It comprises
  - support to teachers and head teachers on the effective utilization of instructional resources by teachers and students during lessons, as well as the use of formative assessment practices by teachers during lessons to identify and remedy student learning gaps. The support will include in-service training for teachers and head teachers; and data-based supportive feedback to teachers and head teachers provided by the DTEs using revised observation and learning assessment instruments. The in-service training and observation instrument will be adapted for multigrade teachers;
  - logistical allowances for the DTEs and resources for conducting schools visits, PD days, and training weeks;
  - filling all the DTE (or equivalent) posts on revised merit basis for all clusters based on competency levels; and
  - use of teacher standards to guide training.
- The selection criteria for the districts are a majority of the project's LPDs are covered; CPD - Phase 1 districts are included; the teachers perform relatively well with regard to their mentoring score, including on the activity-based dimension (using the DSD's measurement); and the students have relatively low levels of learning achievement (based on the DSD's measurement).
- The innovative package comprises
  - curriculum sequenced by learning steps for Grades 1–3 literacy and numeracy, with learning, assessment and supplementary learning activities for each step;
  - allocation of adequate instructional resources including teacher guides, learning and assessment activity materials for each step, individual child progress monitoring cards, student workbooks, notebooks, supplementary reading books, and literacy and numeracy materials; and
  - support to teachers and head teachers on the effective utilization of instructional resources and the sequenced learning steps by teachers and students during lessons, as well as the use of formative assessment practices by teachers during lessons to identify and remedy student learning gaps. The support will include in-service training for teachers and head teachers; and data-based supportive feedback to teachers and head teachers provided by the DTEs using adapted observation and revised learning assessment instruments.
- Validation means that designers (whether of the new mainstream CPD phase or the innovative package) have reviewed the performance of the phase/package in school settings using the monitoring and feedback mechanism set up as part of the design process; have redesigned or modified

elements of the package accordingly; and are satisfied that the phase/package is sufficiently well-designed to proceed with further expansion to more schools. Evaluations are undertaken by a third party. They should be designed during year 1, initiated in year 3, and completed in year 4. The evaluation results must be analyzed and the findings disseminated to stakeholders and discussed. The DSD will modify the mainstream phase or innovative package as needed, in light of the evaluation findings.

Evidence

- to be provided by the PMIU with DSD inputs.

	Baseline	**Target Values**				
	2015	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**
DLI 7. Student Assessment *PEC and its instruments strengthened within a revised policy framework*	No assessment policy framework; outdated PEC ISP that has been partially implemented and is in need of revision.	PEC has developed the its assessment policy framework; and The new PEC Institutional Strengthening Plan has been approved by the commission overseeing PEC.	80% of ISP targets for 2017-18 are met; and strengthened Grade 5+8 PEC instruments are piloted in at least one subject	80% of ISP targets for 2018-19 are met; and strengthened Grade 5+8 PEC instruments are administered throughout the entire Punjab school system	PEC has analyzed and reported Grade 5+8 PEC results from the previous year of Project implementation in Actionable Form.	PEC has analyzed and reported Grade 5+8 PEC results for the previous year of Project implementation in Actionable Form.

Definitions, Evidence, and Protocols

- The assessment policy framework will be developed based upon a review of extant policy, and the roles, mandates and relative strengths and weaknesses of PEC and other institutions involved in assessment. It will be approved by the Commission overseeing PEC.
- The ISP will be based upon a functional review of PEC that examines PEC's mission within the context of the new assessment policy framework, and will have schedules covering at least the following areas of institutional strengthening: (i) clarification of PEC's mission; (ii) update of PEC functions, activities and operating procedures; (iii) staffing levels and profiles, and recruitment and training needs; (iv) equipment procurement; (v) budgetary requirements, and (vi) capacity building to enhance item/test quality and scoring, and to analyze, report and use data.
- The reporting of data in actionable form means that the data are analyzed, tailored and disseminated to relevant stakeholders (teachers/trainers, curriculum and textbook developers, and decision makers) in a form that is useful to them in deciding what actions can be taken to improve the quality of education. This will require doing an upfront focus group with each stakeholder group to get a sense of their data needs. It also will require holding a dissemination workshop with each stakeholder group once the report has been prepared to review the data and actionable recommendations with them.

Evidence:

Evidence will be provided by the PMIU with PEC input.

DLI 8.	**Baseline**	**Target Values**				
	2015	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**
DLI 8. School specific NSB *Setting and executing school budgets in line with school*	School-specific NSBs for FY2015/16 prepared in accordance with agreed funding	SED has prepared School-Specific Non-Salary Budgets for FY2016/17 in accordance with	SED has prepared School-Specific Non-Salary Budgets for FY2017/18 in accordance with	SED has prepared School-Specific Non-Salary Budgets for FY2018/19 in accordance with	SED has prepared School-Specific Non-Salary Budgets for FY2019/20 in accordance with	SED has prepared School-Specific Non-Salary Budgets for FY2020/21 in

resourcing needs.	formula, and submitted for inclusion in FY2016/17 district budgets in 36 districts for all schools, including high/high secondary.	agreed funding formula, and submitted for inclusion in FY2017/18 District budgets in 36 Districts for all schools, including high/high secondary; and Punjab's Finance Department has dispersed School-Specific Non-Salary Budgets bi-annually to schools with establishment of Necessary Support Structure for execution; and SCs reconstituted in required elementary/ primary schools and constituted in all high schools.	agreed funding formula, and submitted for inclusion in FY2018/19 District budgets in 36 Districts for all schools, including high/high secondary; and Punjab's Finance Department has dispersed School-Specific Non-Salary Budgets bi-annually to schools with establishment of Necessary Support Structure for execution.	agreed funding formula, and submitted for inclusion in FY2019/20 District budgets in 36 Districts for all schools, including high/high secondary; and Punjab's Finance Department has dispersed School-Specific Non-Salary Budgets bi-annually to schools with establishment of Necessary Support Structure for execution; and TPV of Year 1 and Year 2 of this DLI completed.	agreed funding formula, and submitted for inclusion in FY2020/21 District budgets in 36 Districts for all schools, including high/high secondary; and Punjab's Finance Department has dispersed School-Specific Non-Salary Budgets bi-annually to schools with establishment of Necessary Support Structure for execution.	accordance with agreed funding formula, and submitted for inclusion in FY2020/21 District budgets in 36 Districts for all schools, including high/high secondary; and Punjab's Finance Department has dispersed School-Specific Non-Salary Budgets bi-annually to schools with establishment of Necessary Support Structure for execution.

Definitions, Evidence and Verification Protocol

- 'Necessary support structure' for execution of the NSB component entails formulation of a steering committee with representation from all stakeholders and the required capacity-building program to engage/mobilize SCs and school administrations. The required capacity-building program for school will be a comprehensive mobilization strategy agreed by all stakeholders. It will also include necessary material aid to SCs, such as SC guidelines. The first year activities will be focused on establishing protocols and strategies, which will be implemented in following years. For high and higher secondary schools, Project to Improve Financial Reporting and Auditing (PIFRA) system will be used to identify disbursed money against Drawing & Disbursing Officer (DDO) codes of respective schools in the first 2 years of the program, while the SCs are being formulated in the schools. In the third year of the program, the project will work to ensure that disbursement of the NSB will be through SCs in high or higher secondary schools, based on consultations and subject to agreement with the FD of Punjab Province and the Accountant General's Office.
- SCs will be reconstituted in primary and elementary schools, which were not part of the capacity-building program during PESRP II. Simultaneously, SC will be formalized in high or higher secondary schools with required guidelines and materials disseminated.
- The TPV to be carried out in the third year will be against the ToRs as agreed by all stakeholders. The TPV will seek to review the impact) of the NSB

component along with the capacity-building program, analyzing the efficacy of the in-place capacity-building program.

- **Verification protocol.** Verification of disbursements of funds to schools will be sought from certificates submitted by the EDO (or equivalent) office for release of cheques to all primary and elementary schools.
- For reconstitution and constitution of SCs, certificates will be sought from district EDO (or equivalent) offices highlighting the detail of SCs formulated according to policy.

Evidence:
The final report of the TPV will be submitted to the Bank for verification of the evaluation activity.

DLI 9.	**Baseline**	**Target Values**				
	2015	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**
DLI 9. Data strengthening and performance management *Strengthening management capacity and evidence-based decision-making*	Last private school census was in 2010-11. Various education sector data are not integrated, utilization of data remains low and restricted to source departments.	SED has conducted a private school census; and PMIU has prepared and delivered on a semiannual basis District performance report cards for Year 1 following agreed format and contents, to District Education Administrations.	PMIU has integrated Education sector data (from PEC, PMIU, DSD and PEF); and PMIU provided access and orientation to the integrated database to education departments and District education officials in 3 Districts; PMIU has prepared and delivered on a semiannual basis District performance report cards for Year 2 following agreed format and contents, to District Education Administrations	PMIU has integrated Education sector data (from PEC, PMIU, DSD, and PEF); and PMIU has provided access and orientation to the integrated database to education departments and District education officials in 12 Districts; PMIU has prepared and delivered on a semiannual basis District performance report cards for Year 3 following agreed format and contents, to District Education Administrations	PMIU has integrated Education sector data (from PEC, PMIU, DSD, and PEF) ; and PMIU has provided access and orientation to the integrated database to education departments and District education officials in 36 Districts; PMIU has prepared and delivered on a semiannual basis District performance report cards for Year 4 following agreed format and contents, to District Education Administrations	PMIU has integrated Education sector data (from PEC, PMIU, DSD, and PEF) ; and PMIU has provided access and orientation to the integrated database to education departments and District education officials in 36 Districts; PMIU has prepared and delivered on a semiannual basis District performance report cards for Year 5 following agreed format and contents, to District Education Administrations

Definitions, Evidence, and Verification Protocol

Definitions

- Integrated education sector database will include a web-based integrated database at the school level consisting of ASC, MEA data, PEC, DSD, PEF, in agreed format
- Access and orientation to the integrated education sector dashboard will involve sharing integrated database with source departments and district education officials, and providing training on utilizing the database, and on data utilization for improving education outcomes
- Departments include the SED, PEC, DSD, PMIU, and PEF
- Indicators in the report cards should include student achievement data from PEC results, teacher and student absence and student-teacher ratios at the primary level. Additional school level indicators can be included if in agreement with the Bank.

Evidence

- Private school census school-wise database with GPS coordinates
- Integrated education database in agreed format
- District level lists with signatures of relevant officials indicating receipt of cards by district education administrations, in agreed format

Annex 2: Detailed Project Description

PAKISTAN: Third Punjab Education Sector Project

1. PESP III is designed to support the 2018 Education Goals and Growth Strategy of the GoPunjab. Three of the 2018 Education Goals are to (a) enable a conducive learning environment for students; (b) ensure high-quality teaching and learning in the classroom; and (c) improve leadership and accountability at all levels. The Growth Strategy has five strategic pillars for education: (a) increasing the demand for primary education; (b) harnessing the strengths of the private sector for education; (c) ensuring the transition to secondary education; (d) improving the quality of primary and lower secondary education; and (e) deepening ongoing institutional and governance reforms.

2. The project will have two components. Component 1 will use results-based financing to support the bolstering of ongoing reform efforts and initiate new interventions to make primary and secondary education more accessible, equitable, and of better quality. There will be nine subcomponents structured in three strategic areas that align with the Growth Strategy and 2018 Education Goals. (Table 2.1). The three strategic areas are (a) improving access to schooling for the poorest; (b) ensuring quality teaching and learning for all; and (c) improving leadership, management, and accountability. For each subcomponent, a DLI has been established with time-bound targets. Targets have been selected as key links in a results chain that incrementally contribute during the implementation cycle to the achievement of the PDO. Funds will be disbursed upon the achievement of targets. A detailed description of the DLIs, as well as protocols for verifying compliance with each, can be found in annex 1.

3. Component 2 will finance TA to strengthen implementing institutions to deliver their mandates in the education sector and achieve the DLI targets, as well as project management and M&E. The component will use a traditional reimbursement modality based on SOEs after the completion of activities.

Table 2.1. Alignment of PESP III with GoPunjab's 2018 Education Goals and Growth Strategy

2018 Education Goals	Strategic Pillars of Growth Strategy	PESP III Strategic Areas	PESP III Subcomponents/DLIs
Enabling a conducive learning environment for students	Increasing the demand for primary education	Improving access to schooling for the poorest	1. EVS 2. PPPs 3. Stipends for secondary school girls
	Harnessing the strengths of the private sector for education		
	Ensuring the transition to secondary education		
Ensuring high-quality teaching and learning in the classroom	Improving the quality of primary and lower secondary education	Ensuring quality teaching and learning for all	4. ECE 5. Effective human resources management for teachers 6. Improved teaching quality and learning 7. Improved education assessments to

2018 Education Goals	Strategic Pillars of Growth Strategy	PESP III Strategic Areas	PESP III Subcomponents/DLIs
			enhance quality
Improving leadership and accountability at all levels	Deepening ongoing institutional and governance reforms	Improving leadership, management and accountability	8. Non-salary budgets 9. Data strengthening and performance management

Component 1: Improved Access, Quality, and Education System Management (Bank financing: US$289.89 million, 96.6 percent of total Bank funding)

4. The objectives of this component are to (a) improve access to schooling for the poorest; (b) ensure quality teaching and learning for all; and (c) improve leadership, management, and accountability. There are nine subcomponents, for each of which there is a DLI. The manner in which each DLI covers the project's 10 LPDs is provided in table 2.2.

Table 2.2. District Coverage of DLIs

DLI	District Coverage	Of which, Number of LPDs
1: EVS	All, with expansion prioritizing LPDs	All
2: PPPs	All, with expansion prioritizing LPDs	All
3: Stipends for secondary school girls	16	All
4: ECE	All	All
5: Effective human resources management for teachers	All	All
6: Improved teaching quality and learning	16	6
7: Improved education assessments to enhance quality	All	All
8: Non-salary budgets	All	All
9: Data strengthening and performance management	All	All

Strategic Area 1: Improving access to schooling for the poorest

5. In this area, the project will work to provide primary and secondary students from the poorest households with financial resources enabling them to attend school.

6. At the primary and secondary levels, there are 4.1 million out-of-school children ages 6–15, the result largely of never enrolling and dropouts.[19] For instance, in 2013–14, 21 percent of children ages 10–14 had never attended school, while only 71 percent of children enrolling in Grade 1 in government schools survive to complete Grade 5. Participation rates are lower in rural than urban areas. Households from the bottom wealth quintiles have much lower school participation rates, and their children constitute two-thirds of all children out of school. Overall, 28 percent of households cite poverty and the cost of schooling as the primary reasons for never enrolling their children in school.

[19] Statistics derived from the PSLM Survey data 2012–13.

7. One intervention that the GoPunjab has been effectively implementing has been to provide vouchers to parents to send their children to low-cost private schools. Parents often perceive that private schools deliver a better quality education than public schools and enroll their children there if they can afford to do so. Research has also found that low-cost private schools deliver education services more effectively and efficiently than public schools.[20] As a result, the GoPunjab has worked through the PEF to partner with the private sector to increase school participation and learning outcomes. The PEF operates three major programs, including the EVS. The EVS offers tuition redemption vouchers to out-of-school children and children at risk of dropping out between the ages of 5 and 16 to attend low-cost private schools of their choice.

8. The EVS started operations in 2006 and has undergone rapid expansion over the past three years. It currently provides vouchers to 322,679 children attending 1,396 private schools in all districts. Over the next four years, the PEF plans to expand the EVS to cover an additional 125,000 children annually. This expansion plans includes prioritizing the LPDs. The current method for identifying beneficiaries relies primarily on partner schools to identify and enroll out-of-school children. There is a need to strengthen targeting to ensure that the poorest are reached and verification to ensure that beneficiary information provided by partner schools is accurate.

9. Partner schools must maintain certain attendance and learning achievement standards. The standards could be usefully strengthened, both to promote retention and transition and to raise quality. The PEF visits partner schools at most twice a year and otherwise relies on an e-attendance system to monitor attendance. The PEF's monitoring mechanism could therefore be strengthened, and the capacity building of monitors is required, especially as PEF plans to recruit extra monitors to enable more on-site visits. The QATs administered to measure learning achievements could also be usefully reviewed and strengthened to ensure validity and reliability.

10. To further facilitate poor students' access to private schooling, the project will have one subcomponent that aims to increase primary school enrollment and retention among children from disadvantaged households, by providing a voucher to attend a low-cost private school.

11. As a further measure to increase access to schools for children from poor households, the GoPunjab has been supporting two public-private programs through the PEF: the FAS and the NSP. The FAS finances low-cost private schools with a per student subsidy linked to the achievement of quality standards. The NSP incentivizes private agents to establish low-cost schools in distant and remote areas where there is little or no access to schools, by providing them with a per student financing linked to the achievement of quality standards. There is ample scope to expand the coverage of these programs, including in LPDs, and to include in their ToR the management of failing government schools. NGO experience has shown that private sector management of such schools is effective with regard to increasing enrollment, quality, and outcomes. The project will therefore include one subcomponent to expand PPPs.

12. To address the low levels of female transition to, and completion of, secondary school, the GoPunjab has been distributing stipends to female students through the PSSSP, a key activity

[20] One study found, for instance, that on average private schools achieve better learning outcomes at lower costs and with less academically qualified teachers. Learning and Educational Achievement in Punjab Schools 2001–2015.

of previous PESP projects. The program targets girls enrolled in Grades 6–10 in government schools in 16 districts. First initiated in 2004, by 2014–15 the program had successfully enrolled 425,000 girls, providing them with PKR 200 per month based on an attendance rate of at least 80 percent. PESP II tested raising of the stipend to PKR 300 per month for Grades 6–8 and PKR 400 for Grades 9–10, with an additional PKR 2,400 being given to girls if they progressed from lower to upper secondary and maintained an 80 percent attendance rate in the first quarter of the school year. This proved effective, though the transition-linked supplement will be difficult to scale up given budgetary constraints. The project will include one subcomponent to increase transition to, and retention in, secondary schooling for disadvantaged girls.

Subcomponent 1.1: Education Voucher Scheme (EVS)

13. The objective of this subcomponent is to support the GoPunjab to extend the EVS to an additional 420,000 children ages 5–16 over a 5 year span under a strengthened program with improved targeting, stronger standards, and an enhanced quality assurance mechanism.

14. First, the project will develop a strengthened EVS Program. The program will be strengthened through improved standards pertaining to achievement, attendance, and other dimensions of participation; a more reliable targeting mechanism; a strengthened system for reporting and verifying school and student information; an enhanced monitoring mechanism; and the use of more valid and reliable assessment instruments. The capacities of partner schools will be built to better target children and report against revised standards. The PEF staff will be trained to implement and apply improved verification procedures and monitoring mechanisms. QAT designers and administrators will have their capacities built to design and administer valid and reliable instruments. The strengthened elements of the program will be piloted and evaluated. Second, the project will support the scaling-up of this strengthened EVS Program to enroll an additional 420,000 children over five years of age at private schools, with particular focus on LPDs. Given the relatively small targets in the second year, it is likely that the program may be oversubscribed. In this scenario, second-year beneficiaries will be selected through a lottery, and the remaining eligible beneficiaries will be enrolled in subsequent years of the program. It is expected that the different elements of the program that would be successfully strengthened by the project would be applied to all partner schools participating in the EVS Program.

15. This subcomponent is linked to a DLI with targets pertaining to (a) developing a strengthened EVS Program and (b) progressively increasing coverage of the strengthened program to an additional 420,000 children. TA will be mobilized under Component 2 to support the PEF to design various technical aspects of the strengthened program. These will include setting standards, designing an improved targeting mechanism, improving the system of reporting and verifying student and school information, and strengthening the monitoring mechanism and QAT. The TA will also build capacities, particularly with regard to the design of training modules and creating master trainers.

Subcomponent 1.2: Public Private Partnerships in Education

16. The objective of this subcomponent is to support the GoPunjab to increase the access to, enrollment in, and quality of schools operating under PPP programs administered by the PEF and

enrolling an additional 900,000 children. The children will be enrolled in the PEF partner schools under the FAS, NSP, and other PEF programs approved by the PEF board of directors. These programs will be strengthened and expanded in scope to improve quality assurance systems and to increase enrollment, particularly in LPDs.

17. Private sector partners under this subcomponent will be transparently selected based on eligibility criteria approved by the PEF. Partnership will be open to all experienced agencies, including NGOs, educational institutions, corporate entities (consortia including partners with education experience), the PEF's existing partners that have demonstrated good performance, and individuals with a strong proven record in school management. Contract payments will be performance based using target-linked indicators and will be governed by a strengthened quality assurance system. Reported target values will be validated by a third party. Contract values will be based on monthly per student costs to be determined by the PEF, to be in line with similar PPP agreements at levels below comparable public sector costs.

18. This subcomponent is linked to a DLI with targets pertaining to the number of additional children enrolled in PPP initiatives supported by the PEF under a strengthened quality assurance system. TA will be mobilized under Component 2 to support the strengthening of the PEF's capacity to manage and implement these programs and the quality assurance system.

Subcomponent 1.3: Stipends for Secondary School Girls

19. The objective of this subcomponent is to strengthen the PSSSP to increase transition to, and retention in, secondary school. The project will continue to support the PSSSP in selected districts where secondary participation rates for girls are relatively low. The existing scheme for girls in 16 districts will be strengthened through (a) introduction of grade promotion as an additional eligibility criteria, (b) enhanced compliance verification system, and (c) a more efficient payment modality.

20. This subcomponent is linked to a DLI with targets pertaining to the strengthened and continued operation of the Girls Stipend Program in 16 districts. TA will be mobilized under Component 2 to design some aspects of strengthening the program.

Strategic Area 2: Ensuring quality teaching and learning for all

21. In this area, the project will work to create early learning environments for children that improve their development and facilitate their transition to primary school through quality ECE; ensure that primary schools have adequate teaching staff to allow curriculum delivery; strengthen the quality of primary-level teaching and learning; and strengthen assessment data and its use to improve education for all.

22. The GoPunjab aims to introduce ECE to all primary schools by 2021 for children ages 3–5. A wide range of evidence has demonstrated that the quality of a child's early learning experience makes a marked difference to school preparation, participation, completion, and achievement. Quality ECE programs increase child development scores on one or more measures of child development (literacy, vocabulary, mathematics, and quantitative reasoning).[21]

[21] Denboba et al. 2014. *Stepping Up Early Childhood Development: Investing in Young Children for High Returns.*

Increasing access to ECE can also have a positive impact on school participation and retention for older siblings, particularly girls, when they are freed up from the responsibility of caring for younger children.[22] At this time, however, ECE programs supported by the public sector are nascent. Only 30 percent of children ages 3–5 attend school, and 40 percent of these drop out before entering Grade 1. While 50,175 schools have a *katchi* class, an informal space for pre-primary children that focuses more on child care than on education, only 1,125 primary schools have an ECE classroom with a teacher who has received some ECE training and with appropriate teaching-learning materials. Many of these schools also have a part-time 'caregiver' who has received a limited amount of ECE training and supports the ECE teacher.

23. There are several constraints on quality in the *katchi* and ECE classrooms. Classrooms are overcrowded and teaching-learning materials are lacking, particularly in the *katchi* classes. Teachers and caregivers have not received adequate training in early childhood development, and do not receive on-site support for PD. ECE teachers are often required to fill in for other absent teachers in other grades, leaving the ECE/*katchi* class solely to the caregivers. While a National ECE Curriculum was developed in 2007, it requires strengthening for use in Punjab and, in any case, is not used in the classrooms. ECE teachers rarely meet with parents to discuss their children's progress, and parents have limited understanding of child development. Many children first enter school already laboring under significant constraints, including malnutrition (40 percent are stunted) and lack of early childhood stimulation. Accordingly, the project will have one subcomponent that focuses on improving children's cognitive, socioemotional, and physical development and facilitates their transition to primary school, through increasing access to quality ECE.

24. The GoPunjab has implemented various recruitment and rationalization policies in recent years—including under PESRP II—in an attempt to achieve an overall STR of 40:1, ensure an equitable distribution of teachers, minimize multigrade teaching, and maintain a minimum level of quality of teaching resources in all schools to cover all subjects. This has included a school merger policy, whereby schools with very low STRs and enrollment were merged to form one school and teacher rationalization, which focused on shifting surplus staff to schools where there was a shortage. The GoPunjab also introduced merit-based recruitment, to promote the hiring of good quality teachers. There is a need to persevere with these policies, ensure that adequate numbers are hired to accommodate remaining shortages and the growing student population, and address lessons learned. For instance, teacher profiles must be matched to subject gaps at the school and teachers are not just recruited to meet overall STR goals. Further, there is a need to ensure that primary teachers have an understanding of ECE, to be able to teach preschool children and provide continuity between preschool and primary teaching-learning practices. The SED has recently developed a new recruitment policy, whereby the EDO and DMO jointly identify all vacant posts at the district level. To fill these, approximately 25,000–30,000 new teachers must be recruited annually and significant effort will be required to ensure that these posts are filled properly. Accordingly, the project will have one subcomponent that focuses on effective human resources management for teachers**.**

[22] Lokshin, M. M., E. Glinskaya, and M. Garcia. 2000. *The Effect of Early Childhood Development Programs on Women's Labor Force Participation and Older Children's Schooling in Kenya.*

25. The DSD, originally established in 1959 under the name Education Extension Centre, supports primary schoolteachers to improve teaching-learning practices and increase student learning through in-service training and classroom-based mentoring support.[23] Three PD Days are organized each year, and there is an annual training week for all teachers, though in some years the training lasts two weeks and is targeted to teachers who are most in need. The DTEs visit teachers on a monthly basis, observe their classroom practice, and assess students. The DTE model is generally well designed, but there is room for improvement.

26. More emphasis is needed on interpreting the data that the DTEs collect and providing supportive feedback to teachers. Further, the data are shared with head teachers (for follow-up) and education officials, and there is an attendant risk that the information can be used to sanction teachers; this undermines the DTE's role as mentor. The instruments and their use also need strengthening. The observation format is overly simplified, leading to mechanical and repetitive feedback; a recent evaluation found that there is a need to improve the quality and administration of the assessment instruments. Further, the DTE model is predicated upon a single-grade classroom with a manageable number of students, whereas many teachers have multiple grades and large class sizes. The DTE's assessment data indicate a strong correlation between student achievement and the number of teachers at school, suggesting that multi-grade students are at a disadvantage. There is therefore a strong need to strengthen the DTE model to better support multi-grade teachers and to explore innovative options that specifically address the constraints multi-grade teachers experience. The project will address these constraints and include a subcomponent to strengthen the DSD's model of field-based CPD to improve teaching quality in primary schools.

27. With regard to monitoring and reporting on overall quality and learning levels, the PEC has the primary mandate to carry out assessment and examination activities at the elementary level in Punjab. It is responsible for the design, administration, and scoring of the annual Grades 5 and 8 examinations, which are compulsory for all students in public schools and optional for those in private.[24] Apart from the PEC, the DSD administers monthly assessments to primary students in all schools. In addition, the PEF administers QATs on a twice-yearly basis to students in its partner private schools to monitor their performance against learning standards. The Annual Status of Education Report (ASER)-Pakistan also administers annual sample-based tests to measure overall system performance. There are also the occasional donor-supported assessments, such as the recent U.S. Agency for International Development-funded Early Grade Reading Assessment, while the chief minister periodically contracts consulting firms to conduct sample-based assessments to advise on system performance.

28. **There is thus ample testing of students.** Yet there is little consensus as to what these tests reveal about system effectiveness, and stakeholders have identified several issues with existing assessment activities that need to be addressed. With respect to the enabling context, Punjab lacks an overarching policy framework or strategy that will clarify the role of assessment in the education system and provide a logic for prioritizing, organizing, and using data from

[23] There is no field-based system for the CPD of secondary schoolteachers though they are eligible for in-service training after 11 years of service.

[24] Between 2003 and 2007, the PEC also conducted sample-based assessments of Grades 3, 5, 7, and 8 students in Punjab on a biannual basis on behalf of the National Education Assessment System testing program. This sample-based testing partially resumed in 2014, with plans to continue on a biannual basis.

various assessment activities. Many stakeholders think that there is too much testing without a proper understanding of its purpose and how the various tests relate to one another. At an institutional level, the PEC lacks the human, physical, and financial resources it needs to carry out its mandate.

29. With respect to the tests themselves, there are concerns about their quality and the utility and accessibility of the results. The PEC's assessments are paper based, draw to varying extents from the national curriculum, and employ a combination of multiple-choice and constructed-response questions. They overly rely on items that test lower levels of cognitive capacity. The lack of equated test items undermines the comparability of scores over time. Data quality is uneven as the lack of detailed rubrics and rater training has led to high error rates in scoring and mistakes are made during manual data entry. The PEC results are not analyzed for diagnostic and policy purposes that would lead to changes in education system design or classroom practices. Reporting of PEC results is viewed as neither useful nor timely, the result of a lack of capacity at all levels of the education system to understand and use assessment data. Communication with teachers, students, and parents is particularly lacking. Data analysis is superficial and overemphasizes passing rates and mean scores, with little or no reporting on variations in achievement and results-related factors. The project will therefore include a subcomponent to strengthen the enabling context for assessments and improve the quality, utility, and accessibility of testing data.

Subcomponent 1.4: Early Childhood Education

30. The objective of this subcomponent is to improve children's cognitive, socioemotional, and physical development and facilitate their transition to primary school through strengthened ECE. The project will ensure that 7,000 schools have ECE classrooms that meet quality standards and enroll at least 210,000 children of ages 3–5. The standards will include having a trained ECE teacher, an assistant ECE teacher, head teacher, and School Management Council, with teachers following a strengthened ECE curriculum and using an ECE activity guide; an ECE toolkit of teaching-learning materials being available and used; receiving monthly ECE mentoring by trained DTEs; and parents receiving an ECE activity guide. Fifty schools will be linked on a pilot basis to lady health workers (LHW) to build parents' capacities in early childhood care, nutrition, and education.

31. The project will achieve the standards at school level by delivering an integrated package of activities targeted at beneficiary schools and the community. At the school level, the project will first build the capacities of ECE and *katchi* teachers, assistant ECE teachers, and head teachers to teach children of ages 3–5 and support their health and physical development. The project will strengthen and expand the existing training modules for ECE/*Katchi* teachers and assistant teachers developed by the DSD to include more training on child development and effective classroom practice, as well as a module on health and nutrition including the identification of malnourished children. The head teacher training modules will similarly be strengthened, and include a module on promoting ECE in the school. The modules will be revised using teacher and head teacher inputs, and their design and delivery will be periodically strengthened based on the participant feedback.

32. The DSD will provide a 10-day training to ECE teachers, a 5-day training to assistant ECE teachers, and a 4-day training to head teachers. The head teacher's training will be followed up with telephone calls from trained callers to engage them in two-way communication about their ECE roles and duties. The ToRs for the assistant ECE teachers would be revised so that their role is extended to cover classroom activities and teaching. Where an assistant ECE teacher post is not in place, the school's NSB would be used to hire the assistant until the post is created.

33. Second, the DSD's field-based system of mentoring will be strengthened to include ECE. The DTEs will be trained on ECE and good teaching-learning practices. The DTE observation format will be expanded to include a section on ECE and *katchi* classrooms and DTEs trained in its use. They will also be trained on providing data-based, and supportive feedback to ECE teachers and head teachers. The DTE will then include ECE classroom observations and teacher mentoring at each of their monthly school visits. These will be complemented with SMS to teachers from trained callers to monitor and strengthen the usefulness of DTE feedback.

34. Third, the ECE activity guide will be strengthened and supplied to all ECE teachers. The guide's 16 weekly modules will be reviewed, revised, and expanded to include a module on health and nutrition and any others deemed necessary based on the review. Similarly, the list of ECE teaching-learning materials will be revised based on the development of the formal curriculum and activity guide, and all target schools will be supplied with the full revised set.

35. **At the community level**, the project will work to increase parental engagement and understanding of child development in the 7,000 communities where the participating schools are located. At least one School Management Council member will be trained in ECE. All parents will receive an activity guide they can use with their children at home. The topics covered will include nutrition; hygiene; positive discipline; and linguistic, socioemotional, and physical development. The guide will be developed for use by parents with limited or no literacy skills. The messages will also be disseminated through a public information campaign. Further, the ECE training for teachers and head teachers will be amplified to include a component on parental outreach, including ideas for regular parent-teacher interaction on ECE topics. Finally, the project will pilot in 50 schools the creation of formal linkages between the LHW, the district nutrition officers (DNOs), and the school. ECE/*katchi* teachers will be trained to recognize signs of malnutrition and report these to the DNOs, who visit the schools monthly. The DNOs will be charged to report these cases to the relevant LHW, for further follow-up with the family, including nutritional and child-care counseling and, if needed, referral to primary health facilities.

36. This subcomponent is linked to a DLI with targets pertaining to the functioning of 7,000 classrooms that meet quality standards and enroll at least 210,000 children ages 3–5. TA will be mobilized under Component 2 to create an ECE Policy Framework linked to a permanent institutional ECE unit with the government's structures; support the design of a strengthened ECE curriculum, activity guides, and list of teaching-learning materials; and support the design and delivery of training packages and a DTE-based mentoring system for ECE teachers.

Subcomponent 1.5: Effective Human Resources Management for Teachers

37. The objective of this subcomponent is to ensure that new teachers are recruited to vacant posts on merit, according to recruitment policy. The project will strengthen the test-based recruitment of teachers, to ensure merit-based recruitment and an improved matching of teacher profile to subject gaps at school level. This will include a review and reinforcement of the tests and testing procedures and of the process whereby results are mapped to available posts. Further, the project will support the inclusion of a test module on ECE for primary schoolteachers. Finally, the project will review the recruitment policy work processes, particularly the assessment of teaching needs, the rationalization of vacant posts, and the verification of recruitment. This subcomponent is linked to a DLI with targets pertaining to the merit-based recruitment of new teachers for vacant posts. TA will be mobilized under Component 2 to strengthen testing, the assessment of needs, the rationalization of posts, and the verification of recruitment.

Subcomponent 1.6: Quality in the Primary Classroom

38. The objective of this subcomponent is to improve teaching quality and classroom learning in primary schools. The project will reinforce the existing model of field-based PD and pilot a new and highly structured approach to curriculum delivery. There will be two packages. The first package will reinforce the DSD's DTE-based model of field-based PD and deliver it to at least 85 percent of primary schoolteachers in 18 districts.[25] It will include two elements. First, the DSD will build the capacities of teachers to better deliver the curriculum and of head teachers, DTEs, and CTSC/DTSC staff to support teachers. The training for teachers will target teacher-student interactions that are linked to better learning; teaching in multi-grade and large classes; using formative assessment; an improved use of instructional time; the development and use of locally developed manipulatives and teaching aids; and ensuring that students get sufficient practice. Capacity building in these skills will target the Urdu, English, mathematics, and science subjects. The DSD will develop new teacher-training modules, consulting closely with teachers to ensure their needs are addressed, and the teacher training will be structured to permit teachers to choose sessions based on their needs. The training will be delivered during PD days, three times per year; over a one-week period at least twice during the project; and on a voluntary basis through teacher forums and self-learning sessions to be organized at the CTSC during non-teaching hours. The training will be module based and structured to be part of a larger program of teacher training, through which teachers can progress and accumulate credits as part of a proto-system of teacher certification. Further, the DSD will work to create local teacher support networks, to enable teachers to be mentored by experienced and effective colleagues.

[25] The districts are to be selected using the following criteria: a majority of the project's LPDs are covered; the CPD Phase 1 districts are included (to ensure adequate DTE capacity to support teachers); the overall performance of teachers in the districts is relatively high on the DSD's measure of teaching quality, including the activity-based dimension of teaching (to facilitate the effectiveness of the project interventions); and the student scores are relatively low on the DSD's learning assessments measure (indicating that non-teaching inputs are required and that there is significant room for project impact). The districts tentatively selected are (in temporal order of coverage): Sheikhpura, Mianwali, Okara, and Rahimyar Khan (Year 2 and following); Muzaffargarh, Attock, Gujrat, and Sargodha (Year 3 and following); Faisalabad, Kasur, M. B. Din, and Rajanpur (Year 4 and following); and D. G. Khan, Sialkot, Layyah, Bhakkar, Sahiwal, and Multan (Year 5).

39. The capacity building for head teachers will cover the same material as for teachers. It will also cover engaging parents in monitoring and supporting their children's learning; analyzing the results of learning assessments; following up DTE findings and recommendations; motivating teachers; and creating a more child-friendly learning environment. The trainings would be delivered at PD days and training weeks, as well as at the monthly cluster-level meetings for head teachers. The DSD will also work to create head teacher support networks.

40. Capacity building for the DTEs will cover the same material as for teachers. It will also include supporting teachers to apply the knowledge and skills targeted by the training; improving their observational and assessment skills while using revised formats and instruments; providing data-based feedback to teachers and improving their mentoring skills; and, where needed, upgrading their mastery of subject contents. The training will be delivered at PD days and training weeks, as well as at monthly CTSC PD days.

41. The capacity building for CTSC/DTSC staff will focus on managing the DTE network, improving the aggregation and analysis of data, and raising the profile of good quality teaching.

42. Second, the DSD will strengthen the design and delivery of organizational and logistical support to improve learning. This will include a review of the required DTE competency levels, testing of the DTE competencies, and incorporating competency-based criteria in DTE recruitment. The classroom observation formats will be redesigned and amplified to, among others, better capture the complexity of teaching-learning processes, target teacher-student interactions that are linked to better learning, account for multi-grade and large class-size teaching, and monitor and foster student practice. DSD staff will be trained in item writing and test construction, to improve instrument validity and reliability, and in data analysis, to improve the design of teacher training and field-based support.

43. The second package will be an innovative tool that consists of a structured set of sequenced learning activities covering Grades 1–3 in Urdu, English, and mathematics, to be trialed and evaluated in 100 schools. The schools will be selected using criteria to be elaborated in the first year of the project, with particular focus on rural multi-grade schools where there is a teacher able to benefit from a structured approach to curriculum delivery. It is particularly in such schools that teachers find it difficult to effectively execute the complex set of teaching tasks inherent in traditionally delivering multi-grade lessons, including the preparation of grade-specific or multi-grade lesson plans, multi-group teaching and management, and monitoring individual progress—all while maintaining classroom discipline and student interest. The package will consist of four elements.

44. First, the DSD will identify a sequence of learning steps that the student must follow and master to acquire the essential competencies, in each of the three subjects and grades. Each step will identify a learning goal, sufficient learning activities the student must do to achieve the goal, assessment activities to determine the extent of the student's mastery, and supplementary learning activities to undertake in the event of non-mastery. The student will advance to the next step only upon demonstrated mastery of the current step. An individual record of the student's activities, results, and progress along the steps will be kept. Any teaching-learning materials required as part of learning and assessment activities will be developed, identified (if already available), or clearly specified for the teacher to develop. The development of teaching-learning

materials will include teacher consultation and field testing. A teacher's guide will be developed that explains how the structured learning system works and the teacher's role in overseeing its delivery.

45. Second, the project will provide one set of the structured learning system materials to each of the beneficiary schools. The teaching-learning materials will be quantitatively adequate to ensure that all students at the same level can do the learning activities for their learning step, that there is sufficient practice at each step to ensure mastery for all students, and that an individual record is kept of each student's progress. All teachers will be supplied with the teacher's guide.

46. Third, the participating teachers and their DTEs will be trained on how to work with the structured learning system. The training will include such elements as the pedagogical theory underlying the system; assigning students to learning steps, introducing the student to their learning activities, and facilitating their work including peer learning; the use of formative assessment and monitoring and recording student progress; and how to organize the classroom and manage the students' work, time, and movements. The DTEs will be trained in the same topics, as well as on how to observe teaching and learning within the context of the structured learning system, appropriately match assessment instruments to students, and provide data-based and tailored feedback to the teacher. All trainings will be developed in consultation with teachers, and training feedback from teachers would be used to improve the training design over time. The CTSC/DTSC will also be trained in how the system works and their role in enabling the DTEs to support teachers. The trainings will be delivered during training weeks and PD days, as described for the previous package.

47. Fourth, the DSD would adapt its field-based PD to the structured learning system. This will include, in particular, the design of a specialized classroom observation format for the DTEs and an adapted redesign of the DTE's working procedures in the school.

48. This subcomponent is linked to a DLI with targets pertaining to the percentage of primary teachers covered by the first package and to the number of schools that implement the second package. TA will be mobilized under Component 2 to support the DSD to design and evaluate both packages and their components.

Subcomponent 1.7: Improved Education Assessments to Enhance Quality

49. The objective of this subcomponent is to strengthen the enabling context for assessments and improve the quality, utility, and accessibility of testing data.

50. The project will strengthen the enabling context and reform the PEC. The GoPunjab will consult with stakeholders to develop and adopt a policy framework document that clarifies the role of assessment in the education system and guides the undertaking and use of assessment activities. Further, the PEC will clarify its mission and implement an ISP that updates its functions and procedures, budgetary needs, and human resource and material requirements. To enable this, the PEC will undertake a functional review building on prior institutional analyses and detail its needs with regard to staffing levels and profiles, recruitment, and training; equipment procurement; operating and capital budget requirements; and activities and operating

procedures. This will result in a detailed action plan that the PEC would implement. This will include, among others, equipment procurement and staff recruitment and training.

51. The PEC will improve the quality, utility, and accessibility of assessment data, by building its capacities to improve functions in three key areas. First, it will enhance the quality of items and tests, with particular focus on constructing items that tap into higher-order thinking and yield more diagnostic information on students. It will develop and operationalize detailed rubrics and rater procedures for scoring open-ended items; effectively use Item Response Theory and /test-equating software to enhance the comparability of results over time; and pilot improved Grade 5 and 8 examinations in year 2 of the project. Second, it will more effectively analyze assessment data to produce actionable information for the classroom and other levels of the system. This will entail, among others, the development and use of cut scores and performance levels; multivariate, multi-level, and subgroup analyses; and monitoring trends over time. More effective reports will be developed and tailored for different stakeholders, including the use of video, multimedia, workshops, and the Internet. Third, it will strengthen data accessibility and use, by integrating data sets from various assessments and other relevant resources to allow for a more effective analysis of education issues. The PEC will also develop institutional options for research uses of data, working in close collaboration with academic and other research-oriented bodies.

52. This subcomponent is linked to a DLI with DLI targets pertaining to (a) the development and approval of an Assessment Policy Framework; (b) the development and implementation of a PEC ISP; (c) the piloting and province wide administration of strengthened PEC instruments; and (d) the analysis of PEC results and their reporting in actionable form. TA would be mobilized under Component 2 to support the government to develop an assessments policy framework document. The TA will support the PEC to undertake the functional review, clarify its mission, and develop the ISP. The TA will also support the PEC to implement the ISP, including the design and delivery of trainings in the key areas described above.

Strategic Area 3: Improving leadership, management, and accountability

53. Under this strategic area, the project will support the GoPunjab to strengthen the allocation and accountable expenditure of NSBs and to better integrate and use education data to lead and efficiently manage the education system.

54. The NSB reforms supported under PESP II led to a significant increase in per student spending; on average schools spent over PKR 1,000 more per student, with the rural primary schools showing the largest increase. Around 80 percent of budgeted funds were in fact used, with expenditures largely in support of the chief minister's road map. The main constraints encountered in the reform were delays in funds reaching schools, the result of numerous (quarterly) transfers and the novelty of the scheme, and difficulties in disbursement largely related to school-level capacities. These difficulties persisted despite training sessions held in person for SC members. A subsequent initiative to communicate with SC members using trained callers to send SMS and make telephone calls (called the School Council Mobilization Program

[SCMP]) was shown to have had better results, with a third-party assessment of the SCMP reporting it to be a positive complement.[26]

55. The SED has expressed concerns about weak mechanisms to track expenditures and monitor that funds are used properly. The large sums involved are a strain on the provincial budget, and it has been recommended that districts begin budgetary contributions with a view to ensuring NSB financial sustainability. The project will include a subcomponent to lift these constraints, support the government to expand the initiative to secondary schools, and ensure sustainability through institutional reforms.

56. PESP II supported the GoPunjab to develop a three-tier education sector performance management system, which monitors sector performance at the provincial, district, and sub district levels. At the provincial level, the secretary, Education, chairs the quarterly EDO conference to review performance with all 36 education district officers and the heads of key education institutions. District rankings and progress are reported and analyzed against select indicators. At the district level, the district coordination officer (DCO) and the EDO, Education, meet monthly at the DRC with education officials to review the same indicators. In 2015, monthly pre-DRCs were introduced to review progress against a wider set of indicators and the implementation of select reform activities. While these meetings have significantly improved sector monitoring in recent years, there is significant scope to strengthen their effectiveness by ensuring that data are available on a real-time basis, building the capacities of decision makers to analyze data in an action-oriented manner, and promoting increased accountability by tracking and monitoring corrective directives that have been issued.

57. Users tend to restrict themselves to data sets that originate from the department to which they are attached. There are also data sets that could be usefully integrated into the overall information package presented to decision makers, as well as missing information that is needed, particularly pertaining to the private sector. Consequently, there is a need to broaden the range of data that decision makers access and use. To address these issues, the project will include a subcomponent to support the GoPunjab to strengthen, integrate, and disseminate data sets and build the capacities of decision makers in their analysis and action-oriented use.

Subcomponent 1.8: Non-salary Budgets

58. The objective of this subcomponent is to improve learning environments through an expanded and more efficient system of allocating and using NSBs. First, the project will support the scheme to move from quarterly to biannual disbursements and extend its coverage to high schools. At the primary level and elementary level, the project will continue to support disbursements through the PMIU's cost center, the districts' SDAs jointly controlled by the EDO Education and EDO Finance, and the school's NSB bank account jointly operated by the head teacher and SC co-chairperson. For high schools, the project will support disbursements from the PMIU's cost center directly to the school's account, with the head teacher having signatory authority.

[26] The ICT-based SCMP was initially piloted in 5 districts and subsequently scaled up to all 36. The third-party implementation review found the SCMP to be more cost-effective than in-person trainings and documented positive feedback from council members. Around 68.5 percent of council members who received in-person training and participated in the SCMP found the latter to be more effective.

59. Second, the project will strengthen the legal-regulatory framework for school governance and build the capacities of SCs and administrators. At the primary level, the School Council Policy (SCP, last revised in 2007) will be updated and NSB-related guidelines pertaining to FM, procurement, and NSB management will be strengthened and incorporated into the policy. The guidelines will be strengthened to encourage schools to use the NSB to procure essential teaching-learning resources. At the high school level, SCs are not formally constituted. Therefore, a new section to the SCP will be created to accommodate high school SCs and FM, procurement, and budget management guidelines appropriate to that level will be drafted and incorporated.

60. The project will also build the capacities of district-level authorities and SC members in the new SCP, including all associated guidelines. With respect to SC trainings, an evaluation of the ICT-based SCMP will be undertaken, and its recommendations will be used to design a capacity-building program, which the project would deliver.

61. Third, to strengthen and sustain the NSB initiative, the project will support the revision of the NSB allocation formula, taking into account such issues as incentive effects, recent changes in school assets endowments, and equity. An NSB cell will be created at the PMIU to supervise timely disbursements and administer a strengthened M&E framework to track expenditures. The project will also pilot a new disbursement mechanism whereby districts contribute to the NSB budget allocations, with a view to eventually establishing a sustainable budgetary foundation. An NSB Steering Committee made up of key stakeholders will be established to coordinate and oversee the design of these activities.

62. This subcomponent is linked to a DLI with targets pertaining to the preparation and disbursement of NSBs. TA will be mobilized under Component 2 to support the revision of the funding formula and the legal-regulatory framework and to build the capacities of SCs and head teachers in the administration and use of the NSB funds.

Subcomponent 1.9: Data Strengthening and Performance Management

63. The objective of this subcomponent is to improve evidence-based decision making by strengthening education sector data and promoting its effective use by provincial and district-level decision makers.

64. First, the project will strengthen and integrate data sets. A private school census will be undertaken covering both registered and unregistered schools. Multiple data sets will be integrated into a common platform accessible through an Education Sector Data Portal, bringing together data generated by the PMIU's MEAs, the DSD, the PEC, and the PEF. The data will be integrated down to the school level and provided to stakeholders for monitoring, accountability, and research. There would be four levels of access, for the PMIU; the main Provincial Departments (SED, DSD, PEC, and PEF); the district-level EDOs-Education; and other partners (academic and research institutions, development partners, and other qualifying stakeholders). The data will be compiled in the form of essential and actionable education indicators and to enable the tracking of key government initiatives (for example, textbooks distribution, stipends programs, and so on.). The data will be linked, where possible, to map coordinates to enable

geographic information system mapping and will be exportable to enable deep statistical analysis.

65. Second, the project will facilitate the dissemination and presentation of data from the portal. District report cards will be generated by the PMIU on a biannual basis using core indicators; public access will be provided to research conducted using the integrated data sets; and school performance information will be shared with SCs.

66. Third, the project will strengthen the capacities of decision makers to analyze the data for decision making. A portal user's manual will be produced for EDOs, Education and district staff. Guidelines on data analysis and use will be provided to district officials to identify specific actions to increase school participation and learning outcomes. Further, stakeholders at the provincial, PMIU, and district levels will be trained in using the portal and the district report cards; the PMIU will receive supplementary training on updating and maintaining the portal and on troubleshooting and providing technical support to district and provincial officials. IT equipment and Internet connectivity will be supplied where needed to district education offices. IT services will be contracted during the start-up period to facilitate data updating, maintenance, access, and use.

67. This subcomponent is linked to a DLI with targets pertaining to the development and operationalization of an integrated database. TA would be mobilized under Component 2 to develop and maintain the integrated education sector portal, review district-level governance structures and data requirements, and build capacities in data utilization.

Component 2: Capacity Building, Project Management, Monitoring, and Evaluation (Bank Financing: US$9.36 million, 3.4 percent of total Bank financing)

68. The objective of this component is to strengthen implementing institutions to design, deliver, monitor, and evaluate activities to achieve their mandates and the DLIs and to ensure efficient and effective project management. The institutions include, but are not limited to, the DSD, PEC, PEF, and the PMIU.

69. **Institutional strengthening.** The project will provide critical and strategic TA to support and strengthen the existing implementing agencies in the primary and secondary education subsector in Punjab. Several of these agencies such as the PMIU, DSD, PEC, and PEF have had preliminary work done, such as functional reviews and strengthening plans, but none of these have been implemented. The existing plans for strengthening (PMIU, PEF, and PEC) will be reviewed and the plans implemented for stronger more robust organizations which are capable of carrying out the ambitious reforms laid out in the project. In the case of the DSD, a strengthening plan, particularly in support of the DLI-related programs, will be developed and implemented within the project's lifetime.

70. **Achievement of the DLIs.** The project will finance TA to support activities that include, but are not limited to, the following. The TA will work directly to support the institutions that are responsible for achieving their respective DLIs.

Table 2.3. Indicative List of TA Activities

DLI	Technical Assistance
1. EVS	**Design components of a strengthened program**, including revised standards, improved targeting mechanism, and improved system of reporting and verifying student/school information, strengthened monitoring mechanisms, and improved QAT. The TA will also support the design of training to implement the strengthened program and build capacities to deliver the training. **Evaluation of the strengthened program at pilot stage**: An impact evaluation of the EVS will be conducted to determine the impact of the existing and revised targeting systems in enrolling and retaining out-of-school children.
2. PPP	Strengthen quality assurance system.
4. ECE	Develop an ECE Policy Framework and identify a permanent institutional ECE unit; strengthen the ECE curriculum and design teacher/parent activity guides and a recommended list of teaching-learning materials; design ECE training packages and build capacity for their delivery; and design DTE-based mentoring system for ECE teachers and build capacity to train the DTEs in its use. Third-party validation of DSD data on schools that meet quality standards, in years 3 and 5 (for DLI and Results Framework). Impact evaluation of the ECE intervention to determine the impact on school readiness, including to generate PDO indicator values.
5. Effective Human Resources Management for Teachers	Strengthen test-based recruitment of teacher and conduct a TPV of the recruitment and reallocation policy. TPV of data in year 3 (for DLI and Results Framework).
6. Improving Teaching Quality and Learning	**Design the integrated package to reinforce the DTE's field-based model of CPD.** This will include design of revised observation and assessment instruments; strengthening of existing teacher guides and developing a guide for multigrade and large class teaching; and development of a list of recommended teaching-learning materials. Strengthen and design training modules for teachers, head teachers, DTEs, and CTSC/DTSC staff on teaching in multigrade and large classes; formative assessment; use of instructional time; development and use of locally developed manipulatives and teaching aids; and ensuring sufficient practice for students. Design supplementary modules for head teachers on monitoring and supporting learning, analyzing and using assessment results, using the DTE feedback, teacher motivation, and child-friendly learning environments; for the DTEs on using revised observation and assessment instruments, providing data-based feedback to teachers, and updating subject content knowledge; for the CTSC/DTSC staff on DTE network management, aggregating/analyzing data, and promoting quality teaching. **Review DTE competency requirements and design DTE competency tests.** For all training modules, build capacities to deliver and quality assure trainings. With respect to the innovative package, the TA will support its design and delivery, including identification of learning step sequence; design of learning and assessment activities for each step; design of training packages for teachers, head teachers, and the CTSC/DTSC on package implementation; design of adapted observation instrument for the DTEs; and building capacities to deliver trainings. **Evaluation of both packages.** TPV of DSD data (for DLI and RF) in years 3 and 5. Determination of values for PDO indicator on quality score of primary teaching-learning practices.
7. Improved Education Assessments to Enhance Quality	Develop an assessments policy framework; undertake PEC functional review and develop ISP; design trainings and build capacity to deliver them, in item/test design; open-ended item scoring; data analysis for action; and data integration. TPV in years 4 and 5 (for DLI) that PEC data are reported in actionable form.
8. NSB	**Revise funding formula and legal-regulatory framework.** Third-party surveys to gather data for budget execution rate indicator in results framework.

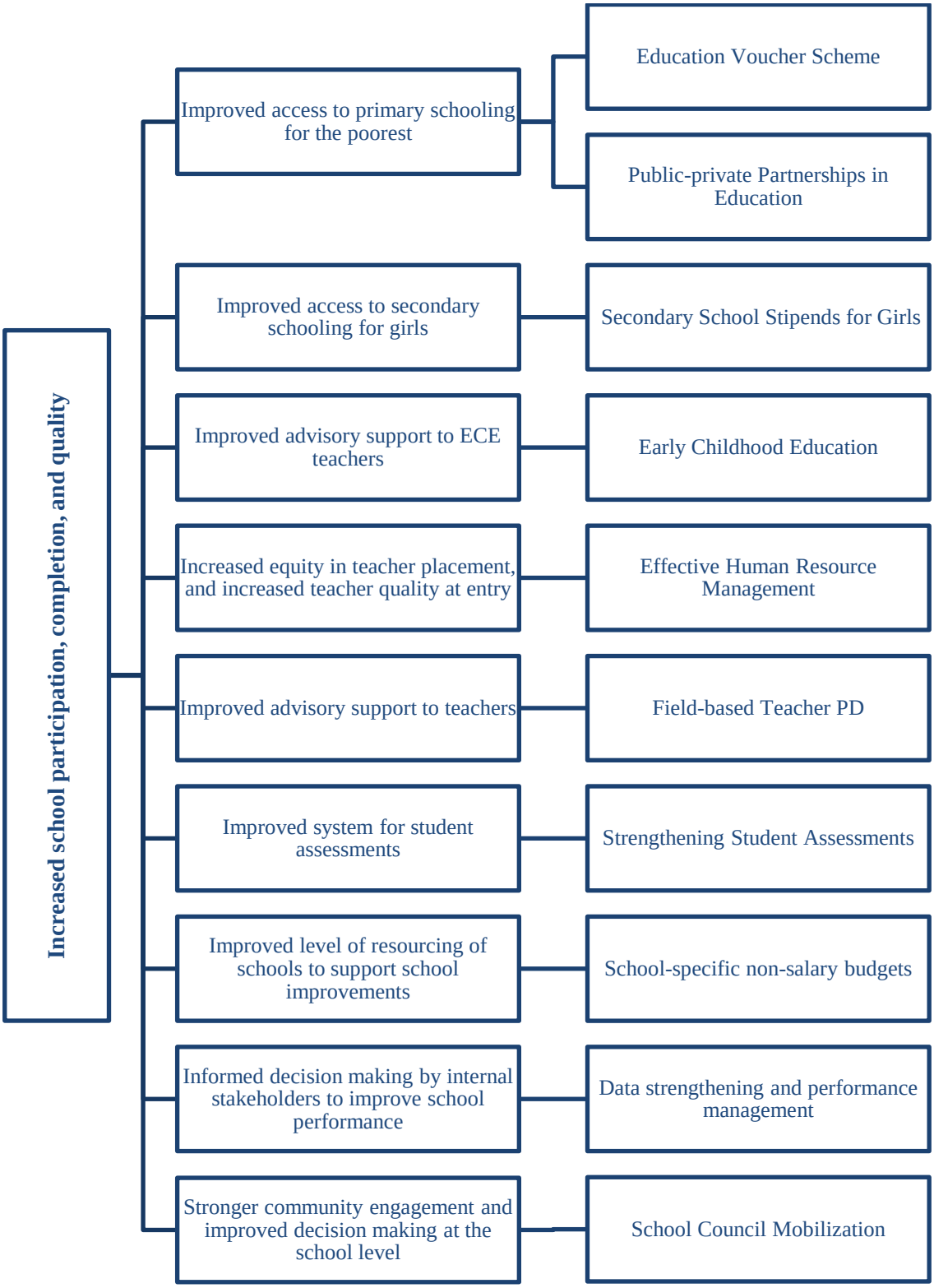
DLI	Technical Assistance
9. Data Strengthening and Performance Management	Develop, maintain, and update the integrated education sector portal; review district-level governance structures and data requirements; conduct private school census; and build capacities of provincial and district-level staff on data utilization.

71. **Project management, monitoring, and evaluation.** The project will finance project operating costs including, among others, personnel costs associated with seconding staff to, and hiring TA for, the PMIU, equipment, supervision costs (transportation and per diem), and any incremental operating costs at the SED, DSD, PEF, and PEC associated with the work of staff or TA on project implementation. The PMIU is responsible for project monitoring, including reporting on all project indicators with mechanisms and sources described in annex 1. The project will finance an evaluation of the years 4/5 PEC to determine the value of the PEC-related outcome indicator and the baseline and follow-up evaluations of teaching-learning practices and school readiness to determine the quality score and school readiness PDO indicators. DLI-specific evaluations are listed by the DLI in the table 2.3.

72. **Communications.** The project will finance communications activities to engage and inform stakeholders about project activities and the sectoral reforms it supports, as well as project results. Communications will target women and the poor in particular.

73. Figure 2.1 presents the project's results chain, showing the linkages between the expected outcomes and the areas of support.

Figure 2.1. Causal Linkages between Project Interventions and Outcomes



Annex 3: Implementation Arrangements

PAKISTAN: Third Punjab Education Sector Project

Project Institutional and Implementation Arrangements

1. Implementation arrangements for PESP III rely primarily on the arrangements which have been in place for PESRP I and II, and which will continue to be in place for the implementation of the GoPunjab's sector reforms as articulated in its 2018 Education Goals. The following discussion outlines arrangements for (a) overall project direction and policy support; (b) implementation arrangements at the provincial, district, and school levels; and (c) technical support and capacity building.

Overall Program Direction and Policy Support

2. **At the provincial level**, the PPSC, GoPunjab, provides policy directives and strategic guidance to the SED. The PPSC, headed by the Chairman of the P&D Board, is composed of representatives of the P&D Board, FD, SED (and its sub-departments), Higher Education Department, PMIU, and development partners (as observers). The PPSC is expected to meet at least twice a year, and to conduct biannual reviews of policy and program implementation progress and performance, including identifying bottlenecks and proposing solutions.

3. **At the district level**, the SED is supported by the District Steering Committee, as reconstituted in 2006, chaired by the DCO. The other members of this committee comprise the executive district officer (Finance and Planning); the executive district officer (Education) (EDO), district education officer (DEO) (works and services), DMOs, and any other member deemed appropriate to be coopted by the DCO/chairperson. The committee is responsible for the coordination and review of progress related to enrollment, retention, and school quality.

Implementation Arrangements

4. **At the provincial level**, the secretary, SED, has overall oversight responsibility for implementation and monitoring of the program framework, with support from concerned line agencies, specifically the FD and the P&D Board. The SED is supported by apex educational institutions for program implementation at the provincial level: the DSD, PEC, Punjab Textbook Board, and PEF.

5. The SED has established the PMIU to oversee implementation of its education sector reform programs, including both phases of the PESRP (PESRP I and II), and now the 2018 Education Goals. The PMIU is headed by a program director, assisted by one additional program director and four deputy directors (finance, coordination, M&E, and planning). Over the years, the role played by the PMIU has been instrumental to the implementation of the GoPunjab's sector reform program. The PMIU is assisted by the DMOs and MEAs. It works directly under the guidance of the secretary, SED, and acts as a policy wing of the SED. The key functions of the PMIU are to (a) develop, in close coordination with the SED and other stakeholders, the reform program of the GoPunjab; (b) coordinate with district governments and other sub-departments on the implementation of the reform program; (c) oversee the conduct of the ASC and monthly monitoring by the districts and act as a repository of all program documentation

(including the Education Management Information System [EMIS]); (d) prepare periodic financial statements and accounts, and ensure their reconciliation; and (e) carry out any other tasks as may be assigned to it by the PPSC or secretary, SED.

6. Strengthening the PMIU's capacity to provide technical guidance and fiduciary oversight of program activities is a critical part of the project design. A restructuring plan was developed for the PMIU in 2013 using PESP II TA funds with a view to strengthen the institution and restructure it according to program needs. However, implementation of the plan was selective and limited, and the institution has seen a gradual decline in its capacity over the last reform program. Effective implementation of reforms as listed in the 2018 Education Goals requires a strong PMIU with a strengthened institutional structure and adequate resources to perform its role effectively. Key steps to be taken by the PMIU in this regard include (a) strengthening of capacity of oversight over all focal persons responsible for DLI monitoring and/or implementation; (b) ensuring that the Communication Cell is staffed adequately and with relevant expertise; and (c) reviewing the scope of services of the Research and Policy Wing to improve its effectiveness to cater to just-in-time demands. The PMIU will leverage TA funds to hire expertise and operational staff as needed.

7. Under PESP III, the SED/PMIU will be responsible for (a) reporting on the DLIs, EEPs, monitoring indicators, and TA implementation; (b) ensuring that Bank fiduciary and safeguard regulations and requirements are followed; and (c) coordinating support from and actively communicating with the Bank and other development partners. The SED/PMIU will share program implementation and monitoring responsibilities with district education administration which have primary responsibility for public education service delivery and have staff at the district and sub district levels.

8. The SED is supported by apex educational institutions for program implementation at the provincial level. Institutions that will implement the project include the DSD, PEC, and PEF.

9. **The DSD**[27] serves as an apex institution for in-service and pre-service training of public schools teachers, and a focal point for capacity-building needs of schoolteachers in Punjab. It runs 30 elementary colleges for pre-service teacher education and an elaborate network of district and CTSC for in-service training.

10. **The PEC** was established in 2006 as an autonomous body to assess student-learning achievement in the province. It holds mandatory annual examinations at the Grade 5 and 8 levels in all public schools in the province.[28] The functions of PEC include the design, development, implementation, maintenance, and M&E of a system of examination for elementary education, as well as identifying areas of improvement for teacher training.

11. **The PEF** was established in 1991 by the GoPunjab under an enactment and subsequently restructured in 2004 as an autonomous not-for-profit entity under the Punjab Education

[27] The DSD was established in 1959 as the 'Education Extension Centre'. Since then, it has been merged with the Provincial Institute of Teacher Education and Science Education Centre, and given the administrative control of the government colleges of elementary teachers to strengthen the institute as one unit and for a coordinated effort toward attainment of its goals.

[28] Private schools can opt to take the examinations as well.

Foundation Act 2004 to provide technical and financial assistance for the establishment, expansion, improvement, and management of low-cost educational institutions, incentives to students and teachers, and promotion of quality education in the province through PPPs. The PEF headquarters is located in Lahore; it has two regional offices located in Rawalpindi and Multan.

12. **In the district**, the Executive District Officer (education) has overall responsibility for program implementation. The EDO is assisted by the DEOs and assistant education officers who oversee *tehsil* and *markaz*-level education activities, respectively. Together, the district education management is responsible for, among other things, (a) preparing district plans and budgets (recurrent and development); (b) granting scholarships; (c) organizing meetings of DRCs; (d) approving selected development schemes; (e) managing SC activities and affairs; (e) conducting Grade 5 and 8 examinations; (f) inspecting and monitoring devolved institutions; (g) managing intra-district personnel transfers and postings; (h) performing M&E activities; (i) acting as a focal point for providing institutional data/information; and (j) facilitating the disbursements of stipends and other benefits to intended beneficiaries.

13. In addition, monitoring at the district level is assisted by a district monitoring system, staffed by the DMO and a team of MEAs, responsible for collection of data from schools on a regular basis using standardized forms. The district monitoring system is also responsible for implementation arrangements for school-level activities relating to the delivery of textbooks, stipends, and identification of civil works improvements, and for coordinating district activities with the PMIU.

14. **At the community and school levels**, the key role of ensuring community participation in important tasks of education delivery is entrusted with SCs, which consist of 7–15 members with representation from locally elected representatives, parents, and the school administration. SCs are responsible for the execution of the NSB, which is received by schools on a quarterly basis. In addition, SCs hold monthly meetings to discuss issues faced by the school administration and parents, and document deliberations in recorded minutes kept by the school administrations. Considerable investment in building the capacity of SCs has been made over the last two to three years through contracts with rural support programs, and under PESP II, through ICT-based capacity building.

15. Table 3.1outlines the key roles and responsibilities for implementation and monitoring of activities under the reform program.

Table 3.1. Roles and Responsibilities for Implementation of 2018 Education Goals

Unit	Key Roles and Responsibilities
Provincial level	
PPSC headed by the chairperson of P&D Board	• Provide advice and overall guidance for implementation of 2018 Education Goals • Carry out joint biannual reviews on implementation progress • Resolve program implementation bottlenecks (including financing of key supported programs)
Punjab SED	• Overall responsibility for program implementation, monitoring, and reporting to PPSC and development partners • Coordinate with sub departments involved in delivery of reform program, specifically, the PMIU, DSD, and PEC

Unit	Key Roles and Responsibilities
	• Develop provincial education budget (development and non development) • Prepare Medium-Term Sector Framework and Sector Plan • Approve provincial education development schemes • Issue SCP and guidelines • Issue notifications/guidelines to districts management offices for implementation of reform program activities • Notify revised teacher recruitment policy, prepare teacher recruitment plans based on school-specific needs and undertake teacher recruitment according to approved plans • Conduct pre-entry test for all new teachers • Coordinate and provide guidance to district education management to make optimal use of teacher resources in accordance with school-specific needs • Provide financial oversight of program project implementation
PMIU (SED)	• Coordinate all program monitoring and implementation • Convene PPSC meetings and issue minutes of meetings • Conduct coordination meeting of program stakeholders • Issue program project implementation guidelines to district offices • Coordinate TA to districts to facilitate implementation of school budgets, optimal teacher resource use, SC reconstitution and capacity development; assist the SED in development of policies/notifications related to implementation of these program interventions • Overall responsibility for preparing and disseminating district report cards • Overall responsibility for design and delivery of girls secondary school stipend programs • Manage implementation of TA activities including procurement • Liaise with relevant educational institutions/agencies/units on program implementation (with support from the SED) • Prepare regular reports on implementation progress and plans • Consolidate plans and budget estimates, implement and manage project activities, and prepare relevant reports • Prepare semiannual financial reports of the EEPs and TA for disbursement purposes • Prepare Budget Execution Reports (BERs) of entire education sector for monitoring 2018 Education Goals expenditures • House and augment the role of the internal auditing specialist for designing and implementing interventions for systemic improvements and financial accountability in the education sector • Maintain the SAP/R3 terminal for financial reporting • Ensure that accounts are kept and reports on financial progress are prepared promptly. • Facilitate the audit process for the program expenditures and improvement of internal controls over the life of the program • Draft the credit withdrawal applications • Plan and carry out procurement activities and oversee/execute contracts for goods, works, and services *M&E* • Overall responsibility for data integration and utilization exercise • Coordinate with DMOs/MEAs/SCs • Ensure quality and consistency of data collected • Maintain SED's EMIS, and the integrated education sector database and disseminate for data utilization in decision making • Produce/oversee production of statistical data reports • Produce/oversee production of semiannual analysis of program progress

Unit	Key Roles and Responsibilities
	• Arrange conduct of TPVs • Oversee production of implementation evaluation studies of reform program interventions • Feed data/information into annual monitoring and progress reports
DSD	• Provide direction to policy development on promoting sustainable and systematic teacher development • Prepare action plans, programs, and CPD activities for public schoolteachers • Provide capacity building of district governments and related institutions for managing and delivering district teacher development plans • Design and implement ECE interventions
PEC	• Design, develop, implement, maintain, monitor, and evaluate a system of examinations for elementary education • Formulate policy for the conduct of such examinations; and build capacity of teachers and education management staff to improve systems of learning assessment • Conduct standardized examinations for Grades 5 and 8 to enable education managers in the province to assess learning outcomes • Conduct analysis on student achievement data collected through the examinations
PEF	• Implement private school vouchers program (including monitoring, quality control, and reporting) • Implement and monitor ongoing private sector partnership programs (NSP, FAS), and design, implement, and monitor the newly developed programs at the PEF including Public School Support Program
District level	
District Steering Committees	• Oversee overall program implementation • Carry out district review of program implementation • Resolve program implementation bottlenecks (including FM issues)
EDOs-Education, DEOs, and Assistant Education Officers	• Administer schools • Manage intra-district transfers and postings • Prepare district budgets (nondevelopment) based on school-specific needs-based formula • Undertake rationalization of teaching posts based on school-specific needs-based formula • Coordinate dissemination of information to schools/SCs (including policies, policy notifications, and so on) • Coordinate capacity support to SCs • Act as focal point for providing institutional data/information, facilitate disbursements of stipend, and teacher performance pay • Convene District Steering Committee meetings • Conduct Grade 5 and 8 examinations
DMOs and M&E Assistants	• Conduct monthly visits to schools to collect school-level information on a standardized form • Conduct ASC • Maintain district EMIS • Liaise with the PMIU on M&E activities
Community and school levels	
Head teachers and SCs	• Assist in supervising school activities • Be responsible for school maintenance • Assist schools in decision making, in preparing school plans and budget • Keep financial records of school expenditures (NSB) and receipts • Assist in fostering greater participation of communities in school management

Unit	Key Roles and Responsibilities
	through assemblies, meetings, and so on

Integrated Fiduciary Assessment Supervision

Country Issues Related to Public Financial Management System

16. Pakistan has a three-tier governance infrastructure for PFM that operates through the federal, provincial, and district governments. The Finance Ministry/Department and line ministries/departments at federal and provincial levels have well defined roles and responsibilities for budget formulation and execution. The controller general of accounts, a representative of the federal government, through its associated offices across the country preaudits the transactions, makes payments, and thereafter prepares financial statements. The auditor general of Pakistan (AGP), being the Supreme Audit Institution of the country, is bestowed by the constitution to conduct audit of federal, provincial, and district government entities.

17. A PEFA was carried out in 2012 in addition to a Public Financial Management and Accountability Assessment that was finalized for the federal government in 2012 using the PEFA[29] Performance Measurement Framework which is a follow up of the 2009 PEFA assessment. The report noted significant progress as a result of ongoing reforms for improving the PFM system in the country. The budget formulation and execution is based on administrative, economic, and subnational classification using GFS/COFOG.[30] Transfers from the federal government to provincial governments are transparent and governed by rules settled under the constitution. Accounting and financial reporting have been automated at the federal, provincial, and district levels through the nationwide implementation of the National Financial Management Information System (FMIS) using the sophisticated SAP application with a uniform chart of accounts (CoA).[31] Connectivity is established for all line ministries/departments to monitor budget execution on a real-time basis. Fiscal reports and CoAs used by the federal and provincial governments is the same. The National FMIS produces fiscal reports within two months from the end of fiscal year-end. The reports indicate that local and foreign debt are properly recorded, reconciled, and reported by the State Bank of Pakistan, Ministry of Finance, and Economic Affairs Division of the Government of Pakistan. Further, payroll is backed by personnel files containing all information pertaining to payroll master data. Changes to payroll information in the National FMIS are fully supported by relevant documentation. The GoPunjab has introduced Medium-Term Budgetary Framework (MTBF) reforms focusing on introduction of multiyear planning and budgeting preparation for at least three years on a rolling basis. The MTBF reforms will help the provincial government in prioritizing its expenditures. The accounting system of the provincial government provides complete and reliable information about resources received by the health care and primary education units. Financial statements of the federal and provincial governments are being prepared under cash basis of accounting and

[29] PEFA. The PEFA Program was established in December 2001 as a multidonor partnership between the Bank, the European Commission, the DfID, the Swiss State Secretariat for Economic Affairs, the French Ministry of Foreign Affairs, the Royal Norwegian Ministry of Foreign Affairs, and the International Monetary Fund. The PEFA PFM Performance Measurement Framework was issued in June 2005 and updated in 2011.
[30] United National Classifications of Functions of Government
[31] International Monetary Fund - Government Financial Statistics Manual 1986.

are aligned with the format given by the International Public Sector Accounting Standard 'Cash Basis'. Annual audits are completed on time, using International Organization of Supreme Audit Institutions auditing standards and audit reports are laid before the legislature within eight months of the end of the fiscal year. Progress on transparency through public availability of financial information is also noteworthy. In Punjab, procurements are undertaken in accordance with Punjab Procurement Rules 2014, which were initially enunciated in 2009 and were later amended in 2014. These rules are generally found by this review and other Bank reviews to be aligned to good procurement practices. These rules provide broad-based policy guidelines for procuring goods, works, and services. However Rule 59 d (iv) that allows the provincial cabinet to engage in negotiated tendering and noninclusion in the amended version of the 'Overriding Effect of Rules' as stated in Rule 51 of the erstwhile Punjab Procurement Rules 2009 have somehow weakened the enforceability of these rules.

18. The assessment identified certain areas for improvement to achieve better PFM outcomes. For improved budget credibility, the government needs to institutionalize the MTBF. For better expenditure control, the commitment accounting functionality available within National FMIS needs to be utilized. The GoPunjab also needs to develop and implement an effective internal audit function with regular reporting to follow up management actions and continuing efforts are needed to improve effectiveness of tax collection and the management of cash balances affecting the predictability of availability of funds.

19. **PESP III financing and expenditure framework.** The Budget Manual 2008 clearly lays down the calendar to be followed and allows significant time for budget preparation and finalization. Funding for PESP III will be provided through the GoPunjab annual budget and will flow through the treasury system. The Bank operation support will be disbursed against selected budget line items which make up the Eligible Expenditure Programs for the project

20. **Implementing entity.** The project's components will be implemented by the SED/PMIU with support from other sub-departments including the DSD, PEF, and PEC. The SED/PMIU will be responsible for (a) reporting on the DLIs, EEPs, monitoring indicators, and TA implementation, and coordination with the FD, the accountant general's office and the concerned audit offices of the AGP; (b) ensuring that Bank fiduciary regulations and requirements are followed; and (c) coordinating support from and actively communicating with the Bank and other development partners. The SED/PMIU will share program implementation and monitoring responsibilities with district education administrations, which have primary responsibility for public education service delivery and have staff at the district and sub district levels.

21. From an FM perspective, the project consists of a RBF for Component 1 to support the implementation of the government's 2018 Education Goals through nine DLIs, and Component 2 (TA Component) would follow a 'report-based' IUFRs principle, which allow for adequate funds to the project, based on biannual cash forecasts, in advance. This component will fund the institutional strengthening of key implementing partners including the DSD, PMIU, PEF, and PEC as well as essential advisory, technical, monitoring, and capacity-building support for the project. Upon meeting the DLIs, funds will be transferred to the GoPunjab based on the agreed EEPs, which have been selected from the SED and PEF budgets. Therefore, this assessment is focused on the existing SED/PMIU and PEF FM arrangements.

22. **Staffing.** The present deputy director finance is on deputation from the government and the five accounting staff who are engaged under the TA component of PESP II are well acquainted with the Bank's reporting and auditing requirements and will continue to work for PESP III. The deputy director finance oversees financial reporting of the project and sector, using the SAP (PIFRA) terminal available within the PMIU for expenditure monitoring and for disbursements under the project, as well as preparation of the annual financial statements of the project and the BERs of the education sector. The deputy director is also responsible for coordinating with the FD, P&D Board of the GoPunjab, the accountant general, and the AGP.

23. At the PEF, the director finance who is a qualified accountant with more than five years of experience, heads the entity's FD. He is supported by 20 accounting staff comprising an additional director, deputy directors, accounts superintendent, and accounts assistants, including data processors. Job responsibilities are clearly defined for managing and reporting FM affairs of the PEF to its board of directors and coordinating with the SED/PMIU including the FD, GoPunjab, and donor agencies.

24. There is a position of assistant director, accounts at the PMIU and it is expected that with the placement of a qualified assistant director finance at the PMIU, the staffing and skills mix will be adequate for the FM of the project.

25. **Planning and budgeting.** The GoPunjab has a well-defined budgeting process and reforms are underway to introduce modern practices in financial planning and budgeting. The GoPunjab currently implements a Medium-term Fiscal Framework and an MTBF.

26. The budgeting of all program expenditures will constitute part of the government budgeting process. The function and object codes to capture expenditures for the EEPs and the TA are clearly identified in the New Accounting Model (NAM) CoAs.

27. A well-defined process is being followed at the PEF for developing its annual budget which is placed before its board of directors in March/April for discussions and approval. PEF-related expenditures are clearly defined in its CoAs. These CoAs form the basis of financial reporting and monitoring of budget allocations, revisions, releases, and expenditures. These codes will be used during the ongoing budget cycle (for FY2016/2017) to facilitate the budget execution and reporting process for the project.

28. The province follows detailed budget preparation and adheres to a fixed budget calendar and budget forms are circulated during the year. This calendar provides deadlines for all the steps involved to ensure that there is sufficient time to receive, review, discuss, and compile the inputs from all departments. The consolidated budget is prepared by the FD for submission to the legislature. In recent years, efforts have been made to introduce a medium-term outlook through preparation of an MTBF. This is yet to be rolled out for the education sector.

29. According to the documents reviewed during the assessment and discussion with implementing entities' FM staff, budget releases from the GoPunjab have been found to be prompt.

30. **Accounting.** Accounting records will be maintained using the government-wide integrated FMIS implemented under PIFRA and in accordance with the country accounting

procedures and policies defined in the NAM. These policies and procedures are being progressively and consistently applied at the provincial as well as district government levels. Use of NAM policies and procedures conforms to international standards and is thus acceptable to the Bank.

31. The system-generated accounting records will be the basis for preparation of the BERs of the education sector, including program expenditures, and TA financed under the project.

32. At the PEF, currently, accounting records are maintained in a Microsoft Access database. Provision for acquiring integrated software has been proposed under the TA component of PESP II. PEF management will continue with the implementation of integrated software under PESP III if it has not been achieved before the close of PESP II.

33. Accounting transactions are recorded under appropriate heads of accounts, classified according to internally developed CoAs, using accrual basis of accounting in accordance with international accounting standards.

34. **Internal controls**. The government's internal control system for expenditure is based on a series of regulations including the NAM, Punjab Financial Rules, Treasury Rules, Delegation of Financial Powers, and Rules of Business. The Punjab 2012 PEFA finds that these regulations need to be reviewed and aligned to ensure consistency in their application across the system. The report also identifies that the internal audit function, which focuses on systems monitoring and generating related reports, not being in place is one of the major weaknesses in the PFM system of the GoPunjab. Internal controls on payroll are satisfactory; which is now automated with a government financial management information system functional in the entire province. Changes to payroll information in the government financial management information system are fully supported by relevant documentation from the manual personnel records. Changes affecting the payroll are recorded promptly and documented with the audit trail. However, controls over non-salary expenditures require improvement.

35. To mitigate risks due to control weaknesses, the project management is in agreement to establish an internal audit section at the PMIU or outsource the function to a firm of chartered accountants.

36. Learning from the experience of previous PESPs and considering the current rules in place, PESP III will support the engagement of additional human resources at the PMIU to allow analysis of relevant information for supporting the enhancement of internal controls within the sector through tangible recommendations formulated on the basis of a review of data from various sources, such as existing audit reports. This will include simultaneously increasing awareness among DDOs to enhance compliance and systemic recommendations to simplify and strengthen controls within the education sector.

37. As with other GoPunjab expenditure transactions, payments under the project will be subject to the normal preaudit verification at accounting offices, before payments from the single treasury account are approved. Use of a single treasury account simplifies the vertical funds flow and minimizes cash handling at all levels. As the TA component funds, which will be managed by the PMIU under SDA arrangements, will be expended under Bank procurement guidelines,

the preaudit activities at the accounting offices of the Lahore treasury or the accountant general will be limited largely to budget availability checks, account coding validation, and verification of spending authorizations.

38. For the PEF, the procedures are clearly defined in an SOP manual for finance, which is being reviewed and updated as and when required with the approval of the board of directors. Bank accounts are jointly operated by any two of: managing director, deputy managing director-operations, director finance, and additional director finance according to the prescribed limits. The FM Manual contains reasonably defined control policies and procedures including program payments verification and processing, proper segregation of duties and responsibilities among the staff, and monthly reconciliation of bank accounts within a week of the month end, among other controls.

39. The PEF has outsourced the internal audit function to an accounting firm, which conducts the internal audit on a quarterly basis and submits its reports to the Finance Committee of the board of directors. The internal audit reports for the quarter ended March 31, 2015, indicate a Satisfactory rating, whereas, the internal audit report for the quarter ended June 30, 2015, is pending for management comments. The delays in finalization of report affect the effectiveness of the internal audit function.

40. **Funds flow and disbursement arrangements.** The project will make disbursements to the GoPunjab Provincial Consolidated Fund Account No. 1 (Non-Food) for the EEPs annually under Component 1 and for TA activities semiannually under Component 2. The report-based principle will be used for withdrawal of credit funds using the sector's financial reports generated from the province's FM system. The PMIU, on behalf of the GoPunjab, shall prepare the IUFRs based on the BERs and information provided by the PEF. These reports will be verified by the accountant general, Punjab, and the FD, GoPunjab. The IUFRs will be due for submission within 45 days of the end of the periods ending December 31 and June 30. For Component 1, the period of expenditures to be claimed for the first year of the project will be from the project signing date to June 2017, while the period for the subsequent claims will be for one fiscal year that is, July 1 to June 30.

41. Disbursements for Component 1 will be on a reimbursement basis; however, to help the GoPunjab fully and adequately fund the budget needs of its education reform program cash flow constraints, a one-time disbursement of US$39 million will be made upon project effectiveness as an advance against the EEPs to be incurred over the six months immediately following project signing. Actual expenditures against the advance so made will be documented in the first IUFR to be submitted by the GoPunjab by February 15, 2017. The remaining US$38.31 million of scheduled disbursements for FY2016–17 will be disbursed on a reimbursement basis to the extent that the FY2016–17 DLIs are satisfactorily met. The US$39 million advance will be adjusted with the amount that will be disbursed for FY2016–17.

42. Disbursements for Component 1 will be on a reimbursement basis (with the exception of US$39 million at project effectiveness which would be an advance in its entirety) conditional on the achievement of the DLIs. For Component 2, disbursements will be on an advance basis in accordance with cash forecasts for the next six months adjusted for any unspent balance.

43. For Component 2, the first advance will be for the forecast expenditures during the period between project signing and December 31, 2016. Subsequently, the forecasts will be for expenditures during the semesters January to June and July to December. The BERs will provide the details of expenditures in each of the agreed EEPs and the heads for TA.

44. However, for each disbursement for Component 1, only 70 percent of the amount to be disbursed will be applied against reimbursement of expenditures in the EEP related to employee-related expenses of the primary and secondary education subfunctions of provincial and all district governments. The expenditure in the rest of the EEPs will account for the remaining 30 percent of the amount to be disbursed for Component 1 to promote use of Bank funding for reform-related expenditure (other than salaries).

45. All IBRD disbursements, both for the EEPs and TA, will be made from the IBRD Loan account to the Provincial Consolidated Fund Account No. 1 (Non-Food), based on a withdrawal application duly signed by the PD PMIU and a representative of the FD. The withdrawal application will be based on the IUFRs and BERs for the relevant period. Disbursement from the loan proceeds, in U.S. dollars, will be translated to Pakistan Rupees by the State Bank of Pakistan, and the local currency shall form the transaction basis for the operation's accounting and reporting. Funds for TA will be released to the PMIU through normal budgetary allocations, in its SDA. Use of the SDA should ensure availability of earmarked funds to the PMIU for critical TA activities in a timely basis.

46. The format and content of IUFRs have been agreed during project negotiations. Advances will be provided for TA based on the budgeted/forecasted expenditures for the period up to the next submission of IUFRs. Subsequent IUFRs will document expenditures against the advance received and provide a forecast of expenditures for the next period on the basis of which the amount of funds to be disbursed will be determined.

47. Table 3.2 presents allocated financing, inclusive of taxes, to the two disbursement categories under the project. The allocated amounts represent the 100 percent capped expenditure limits from the IBRD Loan.

Table 3.2. Allocation of Loan Proceeds

Category	Amount of Loan (US$, millions)	Percentage of Expenditures to be Financed
EEPs	**289.89**	100
Technical Assistance (Goods, Non-consulting Services, Consultants' Services, Training and Workshops, and Incremental Operating Costs)	**9.36**	100
Front-end Fee	**0.75**	
Interest Rate Cap or Interest Rate Collar premium	**-0-**	
Total Amount	**300**	100

48. **Designated account.** A segregated designated account will not be established. As mentioned earlier, receipt of funds from the Bank shall be in the Provincial Consolidated Account No. 1 (Non-Food). Annually, the Bank will disburse funds for Component 1 into the Non-Food Account keeping in view the actual achievement of the DLIs and semiannually for Component 2 based on cash forecasts.

49. **DLIs.** The disbursements for Component 1 of the project are conditional on the achievement of agreed program implementation performance and progress targets that are presented in annex 1. These are identified as the DLIs. There are nine DLIs for each fiscal year, and each DLI in any given fiscal year is priced equally. For years 1–3 of the project, each DLI target is valued at US$8.59 million; whereas in years 4–5 each DLI target is valued at US$3.22 million.

50. For each year, the amount eligible for disbursement will be the product of the total number of DLIs achieved and the unitary DLI price for the achieved DLI. The DLIs are priced differently in years 1–3 and years 4–5, as noted above. The price for the DLIs for years 1–3 is calculated by allocating an equivalent value to each of the nine DLIs per year for years 1–3 across 80 percent of the Component 1 budget, that is, (US$290 million x 0.8) / (9 DLIs per year x 3 years of implementation). The price for the DLIs for years 4–5 is calculated by allocating an equivalent value to each of the nine DLIs per year for years 4–5 across 20 percent of the Component 1 budget, that is, (US$290 million x 0.2) / (9 DLIs per year x 2 years of implementation). Where achievement of a DLI cannot be certified, an amount equivalent to the unitary DLI price will be withheld. This amount will be paid at a later date when such an achievement can be verified.

Table 3.3. Indicative Disbursement Schedule

No.	Date of Submission of IUFRs and Withdrawal Application	Description	Capped Amount US$	Basis
1.	Effectiveness	Advance against the EEPs and forecast of TA for 6 months after signing date up to December 31, 2016	US$39 million for the EEPs and TA advance according to the estimate	For Component 1: Advance against expenditures in the EEPs to be incurred in 6 months after project signing For Component 2: Forecast for advance from project signing to December 31, 2016
2.	February 15, 2017	Advance against forecast for the period Jan 2017 to June 2017 for TA	TA according to estimate	For Component 1: Documentation of actual expenditures in the EEPs according to the BER for the period from project signing to December 2016 For Component 2: Documentation of actual expenditures against previous advance for TA and forecast
3.	June 15, 2017	Amount due for the DLIs met, subject to the actual EEP expenditures and advance against forecast for the period July 2017 to Dec 2017 for TA	Up to US$77,310,000 for the EEPs and TA according to estimate	For Component 1: Certification of achievement of the DLIs in May 2017 and actual expenditures in the EEPs according to the BER for the period from project signing to December 2016 For Component 2:

No.	Date of Submission of IUFRs and Withdrawal Application	Description	Capped Amount US$	Basis
				Documentation of actual expenditures against previous advance for TA and forecast
4.	February 15, 2018	Advance against forecast for the period January 2018 to June 2018 for TA	TA according to estimate	Documentation of actual expenditures against previous advance for TA and forecast
5.	June 15, 2018	Amount due for the DLIs met, subject to the actual EEP expenditures and advance against forecast for the period July 2018 to December 2018 for TA	Up to US$77,310,000 for the EEPs and TA according to the estimate	For Component 1: Certification of achievement of the DLIs in May 2018 and actual expenditures in the EEPs according to the BER for the period January 2017–December 2017 For Component 2: Documentation of actual expenditures against previous advance for TA and forecast
6.	February 15, 2019	Advance against forecast for the period January to June 2019 for TA	TA according to estimate	Documentation of actual expenditures against previous advance for TA and forecast
7.	June 15, 2019	Amount due for the DLIs met, subject to the actual EEP expenditures and advance against forecast for the period July 2019 to December 2019 for TA	Up to US$77,310,000 for the EEPs and TA according to the estimate	For Component 1: Certification of achievement of the DLIs in May 2019 and actual expenditures in the EEPs according to the BER for the period January 2018 to December2018 For Component 2: Documentation of actual expenditures against previous advance for TA and forecast
8.	February 15, 2020	Advance against forecast for the period Jan 2020 to June 2020 for TA	TA according to estimate	Documentation of actual expenditures against previous advance for TA and forecast
9.	June 15, 2020	Amount due for the DLIs met, subject to the actual EEP expenditures and advance against forecast for the period July 2020 to Dec 2020 for TA	Up to US$28,980,000 for the EEPs and TA according to estimate	For Component 1: Certification of achievement of the DLIs in May 2020 and actual expenditures in the EEPs according to the BER for the period January 2019 to December 2019 For Component 2: Documentation of actual expenditures against previous advance for TA and forecast
10.	February 15, 2021	Advance against forecast for the period Jan 2021 to June 2021 for TA	TA according to estimate	Documentation of actual expenditures against previous advance for TA and forecast

No.	Date of Submission of IUFRs and Withdrawal Application	Description	Capped Amount US$	Basis
11.	June 15, 2021	Amount due for the DLIs met, subject to the actual EEP expenditures and advance against forecast for the period July 2021 to Dec 2021 for TA	Up to balance amount for the EEPs and TA according to the estimate	For Component 1: Certification of achievement of the DLIs in May 2021 and actual expenditures in the EEPs according to the BER for the period January 2020 to December 2020 For Component 2: Unused portion of TA may be reallocated to the EEPs before project closing, subject to agreement between the Bank and the GoPunjab.

51. **EEPs.** Under Component 1, the Bank will finance, up to a capped amount and subject to any deductions equivalent to the price of unmet DLIs, particular expenditures, which are a part of PESP III's budget of eligible activities. These expenditures are clearly identifiable in the GoPunjab FMIS and the PEF internal CoAs and are referred to as the EEPs. The Bank funds will not be separately tracked and the Bank will accommodate withdrawal applications from the loan as long as the overall expenditures eligible under the EEPs are more than or equal to the amount to be withdrawn from the loan. However, in any disbursement, not more than 70 percent of the amount to be disbursed will be applied against reimbursement of expenditures in the EEP for employee-related expenses and the remaining 30 percent will be applied against total expenditures in the rest of the EEPs so that the disbursements are not all applied toward salaries.

52. A brief description of the EEPs for Component 1 under the project is provided below.

(a) Employee related expenses of primary and secondary education subfunctions of provincial and all district governments

- Type: Recurrent Budget
- Code: Object head A01 for education subfunctions 091 and 092
- Description: Pay and allowances for district and provincial employees of the SED.
- Oversight: Salaries are subject to overall payroll controls which are considered adequate. Personnel records are maintained at the Department of Public Instruction for BPS 17 and above and, for the rest, the records are kept at the district level at various offices.

(b) Eligible expenditures incurred by the PEF

- Type: Recurrent Budget

- FAS (PEF-FAS) - Direct program expenditures;
- CPD Program - Direct program expenditures;
- Education Voucher Scheme (PEF-EVS) - Direct program expenditures;
- New School Program (PEF-NSP)
- Salaries and other benefits of PEF staff
- Oversight. The utilization of funds is subject to the PEF's internal controls, which are audited by the AGP and also private sector auditors and are considered adequate.

53. Table 3.4 shows student fee per month contributed by the PEF FAS, EVS, and NSP:

Table 3.4. Student Fee per Month

Class	Fee per Student per Month in PKR
Primary	550
Elementary	600
Secondary (Arts)	700
Secondary (Science)	800
Higher Secondary (Arts)	900
Higher Secondary (Science)	1,100

Source: PEF.

(c) Girls' Stipends Program (PSSP)

- Type. Recurrent Budget
- Code: Object Head A03977
- Description. This includes the amount distributed to girl students enrolled in grades 6–10 of public schools in 16 selected districts meeting predefined eligibility criteria (80 percent attendance). The expenditures also include the distribution cost at actuals and a 1 percent amount for incidental charges incurred by the districts.
- Distribution is currently through money orders in the name of the beneficiary.
- Oversight. The amount is transferred by the FD, on the advice of the PMIU to District Account IV from where it is placed into a postal savings account jointly operated by the EDO (education) and another representative of the district government.
- From there it is disbursed to beneficiaries through money orders. Appropriate internal controls are in place at each stage to ensure funds are used as intended.

(d) NSB

- Type: Recurrent Budget
- Code: Object Head A09270-AD7
- Description: This is the budget given to primary/elementary schools' SCs at district levels and extended to include high/higher secondary schools. These funds will be used to meet the schools' operational expenditure such, as utilities, repairs and maintenance, and other related expenses, but excluding development expenditures.
- Oversight: The budget is allocated to the PMIU which is based on each school's entitlement; for primary/elementary schools, funds are transferred to respective SDAs in districts by the FD, on the advice of the PMIU from where payments are on the advice of the head teacher and co chairperson of the SC. SDAs are operated by respective EDO (Education) and EDO (Finance and Planning). For high/higher secondary schools, funds are released/transferred to the respective district government Account IV by the FD on the advice of the PMIU; funds are utilized by the DDO (head master/principal) through the district account office. Appropriate internal controls are in place at each stage to ensure funds are used as intended.

(e) Monitoring Systems (CM Monitoring Force)

- Type: Recurrent Budget
- Code: DDO code LQ5269
- Description. Costs of MEAs, who conduct monthly school inspections.
- Oversight. This is a provincial-level expenditure paid at the central and district levels (from Account I), subject to routine payment controls, which are considered adequate.

54. **Financial reporting**. Project reports and financial statements will identify the uses of funds according to the predefined eligible expenditure elements and TA costs financed by the Bank as well as by GoPunjab. Adequate notes and disclosures consistent with acceptable international practice will be provided in the annual financial statements.

55. Disbursements for Component 2 will be made against semiannual IUFRs to be submitted by the GoPunjab to the Bank within 45 days after the end of June/December each year. Component 1 will be disbursed annually on the basis of the IUFRs as well. The format for the IUFRs has been agreed during negotiations.

56. The IUFRs will be supported by the BER for the relevant period, which will form the basis of documentation of expenditures against advances and disbursements for the EEPs up to the extent of the Bank's financing. In addition, the BERs for the entire education sector along

with a cover note summarizing the budget allocations and utilization for the EEPs and the TA component will be submitted within 45 days after the end of each semester for continuous monitoring of expenditures and progress of the program. The IUFRs are prepared by the PMIU. The PEF will provide information related to eligible expenditures incurred by it (actual expenditures, budget, reasons for variances +/– 15 percent) to the PMIU within 30 days of the end of the quarter to allow compilation and submission in time.

57. Annual financial statements will be prepared for the project in accordance with the Cash Basis International Public Sector Accounting Standard which will provide details of expenditures against the EEPs and TA for the project and sources of funding for the same (GoPunjab, IDA, DFID, and any other development partner). These will be prepared by the PMIU. The PEF will fully cooperate with the PMIU for the prompt submission of necessary information for the preparation of the financial statements and also coordination with the concerned AGP formations for audit.

58. **Auditing.** Project financial statements with a comprehensive disclosure of the operations, resources, and expenditures for the project will be prepared, audited, and submitted to the Bank within nine months of the close of each financial year. The AGP will conduct an audit of the project financial statements; this arrangement is acceptable to the Bank. The audited financial statements along with auditors' management letter must be submitted to the Bank within nine months of the close of the financial year, June 30.

59. All audit reports due for the ongoing PESP II have been received up to FY2013/14, albeit with some delays. The audit report for FY2014/15 due on December 31, 2015, was timely received and accepted. There are currently no unsettled ineligible expenditures or overdue audit reports.

60. The audit activity will primarily be carried out by the director general (civil audit) for provincial expenditures, director general (district audit) for district government expenditures and the director general (commercial audit) for the PEF.

61. The director general (commercial audit) has completed the audit of the PEF up to FY2013/2014; the audit for FY2014/2015 is in process. Necessary measures have been taken by the PEF management to mitigate risk which may arise from control weaknesses. Annual audited financial statements of the PEF are uploaded on its website: www.pef.edu.pk

62. The annual audit reports from the director general (district audit) and director general (commercial audit) must be shared with the PMIU on a timely basis to ensure effective internal controls and appropriate measures to mitigate risks, if any. Therefore, there will be a need for coordination among all formations to ensure the prompt submission of audit reports. The audit report will be based on the findings of all formations involved in the audit and the management letter will include all material observations.

63. **Supervision plan.** The project will require frequent IS, particularly on financial reporting aspects. During project implementation, the Bank will review (a) the IUFRs, the project's audited financial statements; and (b) the project's FM and disbursement arrangements to ensure compliance with the agreed requirements. Given sound implementation of the FM and

monitoring system by the professional staff for the current PESP II the Bank's normal implementation review procedures will suffice.

Table 3.5. Fiduciary Risk Table

Fiduciary Element	Risk Rating	Residual Risk Rating	KPI
1. Joint Fiduciary Aspects			
1.1 **Fiduciary Capacity**			
1.1.1 Is there adequate fiduciary staff based on the profile of the project, with regard to numbers and experience, to implement the project, with clear definition and segregation of function between FM and procurement?	Significant	Moderate	Qualified and experienced accounting staff are working on the existing PESP II and will continue to work for the project. In addition to the existing procurement staff a procurement specialist and a contract management specialist will also be recruited/notified.
1.2 Planning and Budgeting			
1.2.1 Are realistic budgets and Procurement Plans prepared and reconciled?	Significant	Moderate	The GoPunjab's annual budget appropriately incorporated the SED budget. Monthly BERs are reconciled on time. The Procurement Plan for the first eighteen months of the activities has been prepared which shall be updated on a need basis and approved by the Bank
1.3 Internal Control (including Internal Audit)			
1.3.1 Are effective internal controls in place, as jointly assessed by FM and procurement staff?	Significant	Moderate	The GoPunjab's General Financial Rules and Procedures, clearly define accountability, internal control processes, and availability of complete auditable records of accounts and procurement processes. To mitigate the risk establish internal audit function for the project.
1.4 Contract Management	High	High	(i) Staff identified in the Procurement Plan to be in place not later than three months after effectiveness (ii) The existing Operational Manual of PESP II shall be suitably modified to describe contract management activities related to TA within six months of effectiveness
1.5. Project Management and Governance			
1.5.1 Audit Arrangements			
1.5.1.1 External Audit of :project financial	Significant	Moderate	Annual district and PEF audit

Fiduciary Element	Risk Rating	Residual Risk Rating	KPI
statements; annual district audits; and the PEF will be conducted by the office of the AGP			reports must be shared with the PMIU to ensure effective internal controls are in place.
1.5.1.2 Internal Audit	Significant	Moderate	The PMIU will establish an internal audit section or will outsource it to a firm of chartered accountants
1.5.2 Mitigating Fraud and Corruption—Transparency, Accountability and Participation	Moderate	Moderate	–
1.5.3 Grievance Redress Mechanisms—complaints handling and grievance redress	High	High	(i) Need to develop an independent and formal system for NSB funds (ii) Procurement complaints to be managed through SED's complaints mechanism and the Bank's standard protocols
2. Procurement Processes and Procedures	Substantial	High	Appointment of additional procurement and contract management staff and updating of Procurement Operational Manual
3. FM Considerations			
3.1 Funds Flow	Moderate	Moderate	–
3.2 Accounting and Financial Reporting	Moderate	Moderate	–
FM Risk rating	Moderate	Moderate	–
Procurement Risk rating	High	Moderate	
Overall Fiduciary Risk Rating	–	**Moderate**	**–**

Procurement Management

64. The operation will be using the existing project implementation of PESP II and will therefore only strengthen the already existing fiduciary arrangements under this operation. It was agreed that the existing PMIU will be bolstered with additional procurement and contract management specialists due to enhanced complexity of the procurement related activities in the project.

65. TA under the project will be carried out in accordance with the Bank's 'Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits and Grants for World Bank Borrowers', dated January 2011 and revised July 2014; and 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011 and revised July 2014.

66. **Procurement of goods**. In the case of procurement of goods through TA funds, the Bank's procurement guidelines will be applicable. International Competitive Bidding procedures will be used for all contracts estimated to cost more than US$500,000 equivalent, using the Bank's standard bidding documents. Goods contracts costing more than US$100,000 but less than US$500,000 will be procured through National Competitive Bidding (NCB), using bidding documents acceptable to the Bank, and contracts costing up to US$100,000 may be procured

through shopping procedures. In addition to these: (a) Limited International Bidding, and (b) Direct Contracting can also be used when and where relevant.

67. **Improvement of bidding procedures under NCB**. The following improvements in the bidding procedures will apply to all procurements of goods and works under NCB, to ensure economy, efficiency, transparency, and broad consistency with the provisions of section 1 of the Procurement Guidelines:

- Invitation to bid shall be advertised in at least one national newspaper with wide circulation, at least 30 days prior to the deadline for the submission of bids.
- Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process.
- Bidding shall not be restricted to preregistered firms.
- Qualification criteria shall be stated in the bidding documents.
- Bids shall be opened in public, immediately after the deadline for submission of bids.
- Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Bank.
- Before rejecting all bids and soliciting new bids, the Bank's prior concurrence shall be obtained.
- Bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates.
- Contracts shall not be awarded on the basis of nationally negotiated rates.
- A single bid shall also be considered for award.
- Contracts shall be awarded to the lowest evaluated and qualified bidder.
- Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.
- A draft NCB contract would be reviewed by the Bank in accordance with prior review procedures.
- Any firm declared ineligible by the Bank, based on a determination by the Bank that the firm has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or in executing a Bank-financed contract, shall be

ineligible to be awarded a Bank-financed contract during the period of time determined by the Bank.

- Each contract financed from the proceeds of the loan shall provide that the suppliers, contractors, and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor, or subcontractor of such provision may amount to obstructive practice.

68. **Selection of consultants**. Contracts already signed under PESP II—Component 2 (Technical Assistance) will be continued for implementation under the TA Component where relevant to the continuation of ongoing activities.

69. New contracts with consulting firms will be procured in accordance with Quality- and Cost-Based Selection (QCBS) for costing more than US$500,000 equivalent, and through Selection Based on the Consultants' Qualification (CQS) for contracts costing up to US$500,000. Other methods as mentioned in section III of the Consultant Guidelines shall be used as required. For contracts with consulting firms estimated to cost less than US$500,000 equivalent per contract, the shortlist of consultants may comprise entirely of national consultants in accordance with the provisions of paragraphs 2.7 of the Consultant Guidelines.

70. **Selection of individual consultants.** Services for assignments that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole source basis. Advertisement for seeking expressions of interest would be required and even for small value contracts, the request for expressions of interest shall at least be uploaded on websites. Expressions of interest should specify selection criteria that are solely based on experience and qualifications. Government officials and civil servants of the borrower's country may only be hired under consulting contracts in the borrower's country, either as individuals or as members of the team of experts proposed by a consulting firm, provided that such hiring does not conflict with any employment or other laws or regulations, or policies of the borrower's country and if they (a) are on leave of absence without pay, or have resigned or retired; (b) are not being hired by the agency they were working for before going on leave of absence without pay, resigning, or retiring; and (c) their hiring would not create a conflict of interest in the case of resignation or retirement, for a period of at least six months, or the period established by statutory provisions applying to civil servants in the borrower's country, whichever is longer. Professors or staff and experts in specialized fields from universities, educational institutions, and research institutes can be contracted individually on a part-time basis provided that they have been full-time employees of their institutions for a year or more before being contracted and such hiring is justified for the services required.

71. **Assessment of agency's capacity to implement procurement**. The PMIU has had ample experience with the Bank's Procurement and Consultants Guidelines. However, risks are being rated Moderate from a procurement and contract management point of view. This

assessment is based on the previous performance and current capacity of the PMIU in view of managing high value and complex procurement of services. Additional staff will be hired to mitigate the moderate risk rating. Hence, in addition to the procurement specialist engaged under PESP II, an additional procurement specialist and a contract management specialist will be selected or notified. Even in the case of deputation from a government department, the Bank will review the profile of the nominated candidate and give its concurrence.

72. **Complaints.** SED maintains an eComplaints system hosted on its website, run by the monitoring cell, led by the deputy director, Chief Minister's Monitoring Force (CMMF), SED. This cell provides a complaints redressal mechanism specifically for education delivery related grievances.

73. For International Competitive Bidding/international selection of consultants the Bank-prescribed complaint redressal mechanism will apply.

Table 3.6. Procurement Actions (Summary of the Above Identified Issues and Agreed Actions)

Issues		Action	Timeline	Responsibility
(a)	Empowerment	(i) Delegation of administrative and financial powers to SED/PMIU (ii) Identification and placement of an additional procurement and a contract management staff.	July 1, 2016	(i) FD, PMIU (ii) PMIU
(b)	Improving Procurement Planning and Monitoring	The Bank will provide hands-on support for adequate planning and monitoring of the Procurement Plan including use of simple IT tools	July 1, 2016	Bank and SED/PMIUs
(c).	Upfront Actions	Hiring/identification of second Procurement and a Contract Management Specialist for PMIU	July 1, 2016	SED/PMIU
(d)	Market Constraints	(i) Adequate packaging (ii) Wide circulation (iii) Capacity-building and knowledge sharing events of potential suppliers and service providers	(i) July 1, 2016 (ii) Ongoing	SED/PMIU with the Bank's assistance
(e)	Transparency	(ii) SED/PMIU Intranet (iii) Disclosure of procurement information on freely accessible website in accordance with section 2.28 of Consultant Guidelines and 2.60 of the Procurement Guidelines shall be followed for disclosure of Procurement Plan, procurement notices, invitation to bid, bid documents, and request for proposals as issued and so on. (iv) Procurement clinics with focus on detecting red flags (v) Video recording of key procurement stages (vi) Uploading of the minutes of bid, technical, and financial openings on same day (vii) The government shall also ensure that the project is carried out in accordance with the provisions of the Anticorruption Guidelines	Once Project is declared effectiveness As required	SED/PMIUs

Additional Procurement Risk Mitigation Measures

74. The following fiduciary risk mitigation measures will concurrently aim to internalize procurement and FM capacities of the GoPunjab:

(a) Procurement and finance consultancies will be subject to prior review.

(b) All consulting assignment over US$500,000 will have a provision of secondment of staff to these consultancies.

(c) The inclusion of the fixed assets will be consistent with the government's fixed assets and austerity policies. The procurement assessments will account for useful/useable assets available in particular departments regardless of the financing source.

(d) Every procurement publication will have a link to the eComplaints system to ensure objective reporting of deviations in fiduciary issues.

(e) For enhanced transparency, the pre-bid/pre-proposal conferences, technical proposal submission meeting, financial proposals, and bid opening meetings will be video recorded and the proceedings uploaded on a website within 60 minutes of the conclusion of such meetings.

(f) Detailed guidance will be provided in an updated manual regarding conflict of interest, transparency measures, and so on. With regard to the code of ethics, measures will be provided in project procurement SOPs which will take into account willful deviations from procurement processes.

75. **Procurement planning**. The SED/PMIU has developed a Procurement Plan for implementation of TA activities, which provides the basis for procurement methods. This plan will be made available on the PMIU's website. It will also be available in the project's database and on the Bank's external website. The Procurement Plan will be updated in agreement with the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Table 3.7. Summary of Identified Major Procurements

DLI	Name	Cost (US$)	Procurement Method
1, 3, 6	M&E	900,000.00	QCBS
2,4,5,7,8	TPVs	600,000.00	CQS
1	Hiring of a firm for review and revision of the existing EVS and implementation of improved system	300,000.00	CQS
2	Hiring of a firm to support the strengthening of PEF's capacity to manage and implement PPPs and the quality assurance system	300,000.00	CQS
4	Hiring of firms for design and implementation of the ECE package	500,000	QCBS

6	Hiring of a firm to design the integrated package to reinforce the DTE's field-based model of CPD	500,000	CQS
7	Hiring of a firm to develop an assessments policy framework; undertake PEC functional review, and develop ISP; design trainings and build capacity to deliver	500,000	CQS
8	Hiring of firm for SC capacity building through a mixed program	300,000.00	CQS
9	Hiring of a firm for private school census	500,000.00	CQS
9	Hiring of a firm for development and integration of the education database	500,000.00	CQS
	Total	**4,900,000.00**	

76. **Review of procurement by the Bank**. Thresholds for prior review of contracts under eligible expenditures are given below. These thresholds will be reviewed in 18 months and adjustments upward or downward will be made based on implementation experience.

(a) All single source selections or direct contracts

(b) First NCB contract for goods, irrespective of value; thereafter, each contract for goods estimated to cost US$500,000 equivalent or more

(c) First contract procured through shopping, for goods

(d) The first consultants' services contract with consulting firms, irrespective of value, and, thereafter, all contracts with firms estimated to cost US$500,000 equivalent or more

(e) First consulting services contract with individual consultants, irrespective of value, and, thereafter, all contracts with individuals estimated to cost US$100,000 equivalent or more

(f) ToRs of all of the consultancies regardless of review type shall be prior reviewed by the Bank's team

77. All other contracts will be subject to post review by the Bank. The SED/PMIU will send the Bank a list of all contracts for post review on a quarterly basis. Post reviews as well as implementation reviews will be conducted every six months. Such review of contracts below threshold will constitute a sample of about 15–20 percent of the contracts.

78. **Procurement information and documentation - filing and database**. Procurement information will be recorded and reported as follows:

(a) Complete procurement documentation for each contract, including bidding documents, advertisements, bids received, bid evaluations, letters of acceptance, contract agreements, securities, related correspondence, and so on, will be maintained by the implementing agency in an orderly manner, readily available for audit.

(b) Contract award information will be promptly recorded and contract rosters as agreed will be maintained.

(c) Comprehensive quarterly reports by the SED/PMIU indicating: (i) revised cost estimates, where applicable, for each contract; (ii) status of ongoing procurement, including a comparison of originally planned and actual dates of the procurement actions, preparation of bidding documents, advertising, bidding, evaluation, contract award, and completion time for each contract; and (iii) updated Procurement Plans, including revised dates, where applicable, for the procurement actions.

79. **Frequency of procurement supervision**. Joint review missions would be carried out every six months, with the participation of a procurement specialist. In addition to prior review cases, Bank supervision missions will undertake post review of procurement actions conducted in the preceding six-month period. The Bank's procurement specialist, based in the country office in Pakistan, will be available to discuss procurement issues with the implementing agencies, with visits as and when needed.

Environmental and Social (*including Safeguards*)

80. An environmental assessment is not applicable to the project because this is a Category C Project that does not involve any physical works, civil works or rehabilitation and thus has no interactions with the physical environment relevant to safeguards analysis.

81. A Social Assessment (SA) was conducted as part of project preparation to explore social, cultural, and gender issues related to the project. The SA used a mixed methods approach and explored several social issues related to access to education for various groups, social and cultural reasons behind school dropouts, parental and teacher attitudes toward stipends, gender disaggregated perceptions of training and other political, cultural, and social aspects that influence school education. In addition, a stakeholder analysis was conducted to understand the relevant strengths and weaknesses of various stakeholders and how the project needs to ensure their support and manage risks during implementation.

82. Key findings from the SA have been incorporated into the project design. They can be categorized according to several social issues discussed below.

83. Social exclusion, poverty, and nonenrollment in schools. Both parents and teachers were surveyed on the reasons behind nonenrollment of children. The overwhelming majority (89 percent respondents) reported that belonging to a caste or religious sect does not exclude a child from enrollment in schools. Further, 79 percent respondents also agreed that teachers do not discriminate against children if they belong to a particular sect or caste. However, 89 percent respondents stated that poverty had a negative impact on the child's enrollment. Thus nonenrollment on the basis of being socially marginalized is clearly not an aspect influencing the sector but poverty seems to be the overwhelming one.

84. **Poverty, school location, and non-enrollment - girls versus boys.** Household choices have an impact on girls and boys in different ways when it comes to non-enrollment. The education sector has focused on providing schools at an accessible distance from homes. This is generally the right path as 59 percent respondents (teachers and parents) stated that less than 30

percent girls would be out of school if a school was located nearby. This is particularly the case in rural areas. However, some attention needs to be paid to explore factors other than location because about 32 percent parents and teachers believe 30 percent of the non-enrollment of girls can be attributed to other factors—not just school location. The same question for boys revealed that roughly 50 percent of respondents believed that even if a school is nearby boys will not attend it. The overwhelming majority (78 percent) believed that up to 25 percent girls are out of school. About the same number of respondents believed that up to 25 percent boys are out of school. Household chores were the main reason cited by respondents as the reason for girls being out of school at the primary level. About 33 percent believed that out-of-school boys were engaged in income-generating activities. The percentage of girls reported to be out of school in the 11–15 age bracket were overwhelmingly (85 percent) seen to be engaged in household chores. Similarly, some 69 percent respondents perceived that out-of-school boys in the 11–15 age bracket were earning. In other words, income generation and household chores (a proxy for income generation) are the leading causes for children to be out of school. This was reiterated by parents (both mothers and fathers) and district administration who stated that child labor is not abuse and is necessary for a family to survive. In other words, poor families especially in rural areas, struggling to make ends meet are very likely to keep children out of school. Qualitative interviews showed that poor parents were keen to enable their children to learn a trade through apprenticeship early in life. Even if they were not paid for this work, boys were seen to be learning a skill that would lead to income generation in the near future. The returns of having a skill were perceived as being higher than if not as high as going to school.

85. **Safe transport and school dropouts, especially girls.** During the field assessment, this emerged as a significant social issue affecting parental attitudes toward secondary education for girls leading to dropouts. Parents were generally fearful of sending pubescent girls to schools where the school location was remote and involved travel. First, in rural areas, household resources were scarcely available to invest them in transport for education purposes. Second, the physical safety of girls in rural areas was seen as a problem during long transportation. While girls in rural areas continue to go to primary school and secondary/high schools that are located in a village/close by, this tended to decrease as schools were perceived to be located far off and required safe transport or transport with a household member.

86. **Stipends, student performance, and parental role.** A survey of teachers showed that it was overwhelmingly felt that stipends at both primary and secondary levels will lead to improved enrollment of girl students (93 percent agreed). Stipends were seen as an excellent incentive for boys' enrollment also (91 percent agreed). However, some 38 percent teachers saw them as a small help for education. Among parents, 71 percent of mothers saw stipends as a major help while 32 percent of fathers were of the same opinion. Most fathers (36 percent) saw it as a medium level of help. During focus group discussions, several issues also emerged for the project to consider as it continues to support stipends. First, while teachers claimed that there was positive correlation between stipends and performance, this needs to be systematically evaluated through research based on learning outcomes of students receiving stipends. Second, teachers reported that stipends may have served as an incentive for school attendance but were rarely used by parents to buy educational material or to invest in their daughter's learning needs. Teachers complained that while they were subjected to monitoring and tight oversight, often it was parents who were responsible for holding their daughters back from investing time and resources in education. Teachers reported that fathers often used stipends for their own

expenditures. They complained that many parents either did not value education enough or were unaware of the time needed for after school homework and learning. Parents' main expectations is that girls shoulder household chores after school (69 percent teachers reported that they know their girls students undertake cooking at home after school) with or without stipends. This constrained student ability to undertake homework and prepare for examinations.

87. **Health, hygiene, and other issues especially for girl students.** Teachers and students reported facing challenges due to lack of hygiene in schools, lack of awareness on health issues, and lack of access to health material. Several teachers reported that schools did not have cleaners and that even if they had functioning toilets, these were often so dirty that children could not use them. Some schools hired local cleaners on their own initiatives while others did not have recourse to this and used children to clean toilets. Often this task fell to students belonging to marginalized and socially excluded groups adding further to the social stigma faced by them. Girls needed to be made aware of hygiene problems and provided necessary health and hygiene training and material. Other psychosocial counselling was seen as a part of teaching requirements and many teachers struggled to cope with them. Teachers in high schools complained of the demands of dealing with truant and socially disruptive behavior (especially among high school boys) and stated that they lacked training and other support to deal with such issues. In girls' high schools, teachers often reinforced a restrictive view of gender roles and blamed girls if they were emotionally exploited by boys. Only a few teachers were aware of the need to deal with social and emotional issues to ensure that teenage students continue to value education.

88. 'Maar Nahi: Pyaar' - Corporal punishment in schools. The field assessment found that corporal punishment is often used in schools despite the GoPunjab's 'Maar Nahi: Pyaar' Policy (No beatings but love). Surveys showed that both male and female teachers believed in various forms of punishment to discipline a careless student (grabbing and pushing, using a stick/foot, hitting with a book, standing outside the class). Hitting with a stick/foot was cited by both male (26 percent) and female (38 percent) teachers as the most frequently used type of corporal punishment. Male teachers (58 percent) did not agree that the fear of punishment prevents a child from attending school while female teachers were evenly divided in their opinion. This shows the overwhelming approval for corporal punishment among teachers and the use of fear in schools to discipline children. During interviews, teachers stated that children were accustomed to being beaten up and that without corporal punishment, they could not be disciplined. The prevalence of corporal punishment will need to be included in monitoring protocols and teachers should be trained on classroom management that does not include corporal punishment and fear in the classroom.

89. **Child abuse and other psychosocial issues.** About 54 percent of teachers believed that girls are more vulnerable to physical abuse. Surprisingly, about 70 percent of abused children known to them were boys. Most (57 percent) believed that society/nonhousehold members were responsible for child abuse. Contrary to popular opinion, boys seem to be more vulnerable to physical abuse than girls are. During quantitative research, teachers stated that they were trained well in working with children subject to physical abuse (71 percent). However, during interviews and focus group discussions both teachers and local administration clarified that they are unable to handle such cases. Head teachers often had to assume counselling duties in this regard. Further, teachers received no training on how to handle disabled children (29 percent stated that they had some training) or those suffering from common learning disabilities such as dyslexia

(again only 29 percent reported training on learning disabilities). Many teachers also expressed inability to deal with common psychological problems such as depression among teenagers or how to deal with attitudes toward religious militancy. While the DSD has developed training material on these issues, no teacher interviewed during the SA had been trained on how to deal with any psychosocial issues. The project will explore the role of physical abuse in child retention and dropouts, and how teachers can be prepared to deal with it better. Furthermore, efforts need to be made to have at least one trained teacher who can deal with learning disabilities among children.

90. **M&E and social issues.** A significant gap in the M&E system is the absence of inclusion of social factors that affect school education. Issues such as (a) corporal punishment (or punishment in general); (b) attitudes to marginalized groups and religious minorities; and, (c) physical safety can and should be included in the survey of schools. Given the escalating violence in schools most prominent being the Army Public School attack in Peshawar in 2014, it is critical that school safety is ensured and monitored—a policy that the GoPunjab is also keen on implementing. Teachers and SCs often stated that they had spent funds on upgrading security features such as gates, boundary walls, and so on, which indicates increased awareness and demand for safety measures in schools. SOPs for safety of children should be developed for schools, made mandatory for implementation, and monitored stringently.

91. **Stakeholder analysis.** A detailed stakeholder analysis was also conducted as part of the SA. Key findings in relation to various stakeholders are discussed below.

92. **Implementing agencies.** The assessment evaluated the role of the PMIU, DSD, PEC, and SED. The SED indicates enrollment as the weakest area and is directing efforts to reduce the 70 percent dropout rate from elementary to matric. The SED's main guiding framework remains the chief minister's education road map and it is keen to have all interventions of the project synchronized with the road map. The SED leadership realizes that a lack of clarity of purpose and the sidelining of local opinion makers in education interventions may be creating hurdles to making quick progress. One of the strengths of the current education system is its decentralized governance. The SED encourages PESP implementers to engage with local management and administrators but also raises alerts about bureaucratic and coordination issues.

93. The PMIU plays a key role as the main stakeholder in implementation. However, its monitoring role came under criticism from local staff and teachers who complained of an expedient and a reductionist 'numeric-driven approach' (locally and informally understood as an approach that ignores the 'what', 'who', and 'how' of the social processes and forces that affect data production). Further, the chief minister's road map has introduced real-time monitoring through tablets — but the DMOs and other local administrators explained how the use of tablets has created issues for MEAs, teachers, and students. Trainings for relevant stakeholders is much needed. With the introduction of monthly Learning Assessments, also being operationalized on tabs—it has become absolutely necessary to make the 'product' available at the school level and in all classes that require this support.

94. The PMIU does not engage with civil society regularly. Sole reliance on teachers to enroll out-of-school children is not sufficient and will be addressed during the project's implementation.

95. **School councils.** SCs were found to be functional. Some were more gender representative than others. Mostly in girls secondary schools, 2–3 members are male, but in boys secondary schools the council largely consists of men. A survey among noncouncil respondents showed that 87 percent considered them to be representative of the community. Further, some 73 percent were content with the performance of SCs. Some 46 percent also believed that women's participation in SCs was impressive. Roughly about the same percentage of men believed that women were silent during meetings (40 percent) as opposed to those who believed them to be vocal (42 percent). Some 56 percent women believed that female council members spoke their mind in meetings. The survey reinforces the needs for the project to continue to support SCs.

96. However, it is clear that further training of SCs on their duties and a mandate needs to be undertaken. Out of the 12 schools that were visited, only one SC of a boys secondary school—Jhelum Urban, was aware of the list of duties, and the PMIU guidebook. Almost half of the schools had displayed these duties prominently at the entrance to the compound.

97. Largely the councils understand their work in relation to use of the NSB. Some 73 percent agreed with the use of the NSB. However, they clearly need further training and guidance on FM as about 40 percent did not believe that the councils were proficient in finance and budget making. The head teacher plays a key role in identifying school needs and the council develops a consensus around it. In some schools, the head teachers were quick to show cash registers and in other schools, there was reluctance to show any financial record.

98. The recent spate in terrorism has affected how budgets are used. Post the attack at the Army School in Peshawar, the NSB has been used to installed closed-circuit television in schools, cementing gaping boundary walls, adding barbed wires, and marking emergency exit routes. Other than this, the NSB has been used to make repairs, construct toilets, storerooms, showcase achievements/results, make drinking water arrangements, and so on.

99. The SC members shared the need to receive some financial and budget management related trainings so that they could play a greater role in helping the head teacher in maintaining financial record. In some places, council members discussed their inability to collaborate with the head teacher (or to keep a proper check on the statements and cash registers maintained by the head teacher). This issue was particularly raised in boys schools.

100. In girls schools, it was noted, that mostly SCs are managed through clerks and collaboration with head teachers appointed at boys schools. This allows women-run administrations to easily deal with market matters and decide on better and economical products for purchase.

101. The project needs to and will be doing the following throughout its life: (a) strengthen trainings for SCs regarding their role, (b) improve their capacity for financial oversight and introduce some auditing oversight for NSB funds. A Grievance Redress Mechanism needs to be in place so that SCs and other stakeholders can get recourse to complaints redressal.

102. **Teachers.** Teachers viewed the CPD Program provided by the DSD as being too syllabus-focused, that is, service oriented. Teachers explained the need to design the CPD Program in a way that it allows teachers to grow as independent professionals in their field. For

example, an IT teacher should not only be enabled to deliver the syllabus but also be provided with funding opportunities to attend course work in universities affiliated with the Higher Education Commission of Pakistan and develop alongside larger advancements in IT. Teachers expressed the need to be trained better in teaching methods and methodologies that can directly improve students' class performance. Quite often teachers, particularly natural science and IT teachers, do not have the necessary equipment required for teaching. The DTEs continue to perform as observers rather than as mentors or teachers' educators. No teacher could share any concrete or substantive teaching tool or technique as an example for having learned it from the DSD and/or DTE.

103. A small field-based survey was carried out with teachers as part of the social and gender assessment. Findings of the survey illustrate that majority of teachers believe that female and male teachers are offered equal number of training opportunities, yet gender roles, that is, household and community dynamics prevent women from 'availing' all these opportunities. Female teachers continue to experience mobility issues and culturally defined gender roles have a restrictive effect on their career advancement. Almost 80–90 percent of male and female teachers believe that it often happens that female teachers' safety is compromised when they are appointed at far away examination centers.

104. The teachers and DTEs were very keen to develop their skills in protecting and supporting victims of physical abuse and children with physical and learning disabilities. Terrorism and security repeatedly emerged as a topic of discussion and teachers expressed their need to be trained in self-defense so that they could safeguard schoolchildren against terrorist attacks. Female teachers were particularly concerned with the state of political affairs and worried about their own as well as children's safety.

Monitoring and Evaluation

105. **Results monitoring at the PDO level.** The first indicator, pertaining to school participation, will be measured by the school participation rate for two age groups (6–10 and 11–15 years, both disaggregated by gender) using published official statistics from the PSLM survey. This is a large-scale representative household sample survey conducted by the Pakistan Bureau of Statistics, Pakistan's official statistical bureau, which also serves as the government's main data source to measure progress toward the SDGs. The PSLM survey is undertaken on an annual basis, and has been conducted regularly for several years without major issues in survey design or execution being reported. The second indicator, pertaining to primary school completion, will be measured by the completion rate at Grade 5 using official data collected at school level, and compiled and analyzed by the PMIU as part of its M&E function for the SED. These data are updated regularly and have been collected for several years without major issues of reliability being reported. The third indicator, pertaining to the quality of teaching-learning practices at primary level, will be a score constructed from observations using an observation format that covers different domains of practice. The observations will be a representative sample of primary teachers or classrooms targeted under DLI 6, undertaken by an independent team of observers who will be trained and checked to collect reliable data. The data collection exercise and determination of the indicator value will be conducted twice by independent, contracted TA, to establish the baseline and final values. The fourth indicator measures the child's readiness for primary school. The indicator will be generated from measurements using a

standardized and validated tool (for example, the MELQO tool). The administration of the tool and the calculation of the indicator value will be undertaken by the contracted TA, working from a representative and random sample of children who have completed the preschool year at schools targeted under DLI 4.

106. **Monitoring program implementation progress and performance.** For monitoring implementation progress of subcomponents against agreed targets (for both the results framework and the DLIs), the GoPunjab's established systems for monitoring of sector activities will constitute key information sources. The monitoring system in Punjab has three pillars: (a) an internal departmental monitoring system led by district education department officials; (b) an independent, institutionalized school monitoring system reporting to the chief minister (CMMF); and (c) the monitoring systems of other main implementing agencies, primarily the PEF, DSD, PEC, and FD. As noted above (in the section on Implementation Arrangements), TA will be mobilized to strengthen the PMIU, including its Research and Policy Wing; and this will serve to strengthen the PMIU's capacities to monitor and report on project implementation progress and performance. Further, as explained below, these systems will be strengthened by TA, and their capacities will be augmented through third-party data validation exercises and evaluations.

107. M&E information will also be derived from third-party data validations (TPVs) and evaluations of subcomponent activities, to be contracted and overseen by the PMIU in close collaboration (where relevant) with main implementing agencies. The Bank will support the PMIU and implementing agencies to ensure that TPVs, evaluations and monitoring, reporting, and QA systems strengthening are properly designed and administered. TPVs, evaluations, and systems strengthening will be contracted to support the following subcomponents:

- Subcomponent 1.1(EVS), to strengthen PEF monitoring, reporting, and QAT, and to evaluate impact
- Subcomponent 1.2 (PPP), to strengthen the PEF quality assurance system
- Subcomponent 1.4 (ECE), to strengthen DSD monitoring and reporting, and third-party to validate data generated by the DSD, and evaluate impact
- Subcomponent 1.5 (human resources management for teachers), third party to validate data on recruitment and reallocation policy implementation
- Subcomponent 1.6 (teaching quality and learning), to strengthen DSD monitoring and reporting systems, third party to validate data generated by the DSD, and evaluate interventions
- Subcomponent 1.7 (PEC), to strengthen capacities to analyze, report, and use data, and third party to validate the status of DLIs in years 4 and 5
- Subcomponent 1.8 (NSB), to verify funds disbursements reported by the FD, and to establish the baseline and target values for the NSB budget execution rate

108. Further detail is provided in annex 1 (results framework notes on indicator definitions, and DLIs table verification protocols) and annex 2 (Component 2 description).

Annex 4: Systematic Operations Risk Assessment Tool (SORT)

PAKISTAN: Third Punjab Education Sector Project

SORT Details

Risk category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Low
8. Stakeholders	Moderate
9. Other: Security	Substantial
OVERALL	Moderate

Political and Governance

1. **Political change/policy reversal.** There is a substantial risk of sudden change to the political landscape in Pakistan, and this political instability creates the risk of a shift or change in government priorities. The current government has already completed half of its term and as it starts preparing for the next elections, there may be less appetite to accelerate the pace of ambitious reforms.

2. **Country governance.** Governance is a considerable concern for growth and development in Pakistan. Institutions of accountability have not provided a strong framework for holding the executive or service delivery agents accountable for results. The government has taken initial steps to improve transparency, accountability, and participation, but with limited impact. While the government has established a set of development priorities, they lack coherence and deep political will. In addition, perception of corruption has increased in recent years. Pakistan ranks 126th of 175 countries surveyed for Transparency International's 2014 Corruption Perception Index.

Risk Management

- Continue strong dialogue and analytic work with all levels of government and political parties to make the case for priority reforms and to position the Bank to engage with different players, especially at the provincial/subprovincial levels

- Make disbursements for a significant part of the priority program contingent on results, which may help mitigate the risk impact of policy reversal

- Undertake operational risk assessment in sectors and improve governance risk profiling in sectors and projects; and provide continued support for governance reforms through project lending

- Incorporate capacity-building efforts into the project design

- Support strengthening of public accounting and auditing systems and reform of land records administration and tax administration

- Provide support to sectors that are more susceptible to corruption, such as power, highways, and social protection, with a strong focus on transparency

- Broaden/strengthen policy dialogue with the government on greater transparency and public accountability in government transactions

Macroeconomic

3. The country's fiscal situation remains highly vulnerable, particularly in light of expansionary spending linked to security and the continuous natural disasters. The fiscal deficit remains large and progress on revenue mobilization, power reforms, and SOEs restructuring is slow. While the government has made some efforts through the International Monetary Fund program and there is some improvement in the indicators, the overall macroeconomic institutions remain weak and vulnerability to external shocks is high.

Risk Management

- Remain engaged in an active, high-level dialogue on macroeconomic, tax collection, subsidy, and debt trends under a well-coordinated response with the International Monetary Fund and other development partners

- Work together with the government and development partners to sustain momentum for key reforms (for example, tax policy and administration, power sector, and so on)

- Provide analytical work to support the government's economic team in stabilization and growth recovery policies, while preserving well-targeted pro-poor expenditures

Technical Design of the Project

4. This phase of support to education sector reforms in the province will focus on accelerating the pace of improvement in education sector outcomes with a mix of interventions. The project is designed to support (a) an increase in school participation, transition, and retention; (b) actions at the provincial and school levels to improve school quality and performance, including an emphasis on ECE programs; and (c) improvements in management and evidence-based decision making at all levels of administration. Reform areas supported under the project will include ongoing initiatives as well as new ones. Supporting these areas will be technically complex but Punjab has had experience in implementing difficult reforms and will continue to use lessons learned from the past programs to support project implementation.

5. Synchronized and sustained implementation of project actions will be required to fully realize gains in outcomes. Intensive implementation supervision and support will be provided for satisfactory implementation in a variable security environment. The actions also need to be continued to be underpinned by sufficient technical, advisory, and capacity support.

Risk Management

- Phasing in challenging actions/interventions over the project implementation period; feeding learning from early phases (and pilots) to inform refinements/adaptations before further scaling

- Building complementarities across project actions in a given year in the design of the project to ensure the fullest possible impact

- Regular consultations with stakeholders through the project implementation period, with feedback used to inform refinements/adaptations

- Use of TA to provide technical and advisory support to subprograms, as needed

- Capacity building and institutional strengthening support for, for example, the SED, PEF, PMIU, CMMF, DSD, PEC, and district administrators, district education management, and teachers

- Regular, third-party reviews, validations, and evaluations at the school level, embedded into the DLIs (supervision at the ground level)

- Use of DLIs to support program actions in every year

- Apart from standard supervision approaches, the use of short missions by small local teams, consultants based in Lahore, audio/videoconferencing, email/phone communications, and increased third-party monitoring during times when security conditions deteriorate

- Use of ICT to support M&E and capacity-building services for service delivery agents and local communities

Institutional Capacity for Implementation and Sustainability

6. Planning, implementation, and monitoring capacities are variable across public stakeholders at the provincial level, as well as lower administrative levels. Staff changes at the managerial level are frequent and recruitment of qualified persons to fill vacancies at leadership levels can be slow. As a result of this, implementation can get hampered by delays in approvals of activities.

7. The capacity of key organizations in the education sector, such as the SED, PEF, DSD, PMIU, and PEC, among others, can affect their ability to perform their mandated functions effectively, but have been bolstered with capacity strengthening. This project will continue to support this.

8. The capacity of the education department at the district and sub district levels, schools, and SCs is inadequate compared to those in the provincial capital. These levels and institutions are instrumental for service delivery performance and will be strengthened through project interventions. FM and procurement capacity is moderately satisfactory but will require strengthening. Previous Bank projects have supported improvements to fiduciary capacity.

9. While there is efficient collection of relevant and credible data on performance, there is a lack of use of data collected for decision making on improving performance. Performance standards and the roles and responsibilities of various actors/agents in ensuring service delivery at prescribed standards require further streamlining.

Risk Management

- Empowerment and capacity building of SCs to support and monitor schools and teachers

- Measurement of program implementation progress and performance on a regular basis through third-party reviews, validations, and evaluations, embedded into the DLIs

- Regular delivery of information through different channels on program implementation status, progress, and performance; consultations in the field to gather feedback on issues; and strengthened institutional arrangements for grievance redressal

- Open display at school of key information such as SC grants and expenditures, school NSBs and expenditures, and school performance cards

- Systems will be established, in consultation with all stakeholders, for efficient use of CMMF data for performance monitoring

- Discrepancy analyses by integrating databases from different sources and improved database management at, for example, the PMIU, PEC, PEF, and district level

- Decentralization of administrative and financial powers to schools and school clusters, coupled with necessary capacity development

- Continued strengthening of school operational capacity through adequate resourcing through school budgets, and teacher capacity through regular advisory support to teachers at the school

- *Fiduciary***.** A procurement focal point at the PMIU, accompanied by necessary training; provision of fiduciary guidelines to SCs and PPP schools under the PEF, accompanied by necessary training; refresher of the training on the electronic procurement planning tool at the sub district level to capture school needs for major works and goods

- Finance focal point at the SED/PMIU to analyze data available through the PIFRA terminal to help formulate proposals for improving sector expenditure performance; awareness raising and capacity-building programs for the DDOs to enhance compliance and strengthen controls in the sector

- Competitive recruitment from the open market to fill key positions in various institutions such as the PMIU

- Regular capacity building and institutional strengthening of relevant departments at the provincial level such as the PMIU, SED, as well as district-level officials

- Collection of survey and test data by a third-party organization as part of impact evaluations, which can aid in evaluating the behaviors and impact of child strengthening, early childhood learning, and incentives subprograms

Annex 5: Implementation Support Plan

PAKISTAN: Third Punjab Education Sector Project

Strategy and Approach for Implementation Support (IS)

1. The strategy for IS is informed by the lessons learned from supporting both PESP I and II, the nature of supported project activities, and the risk profile of the project. It aims to make the IS to the client flexible, responsive, and efficient. It focuses on the provision of strong technical support, particularly to new support areas, and the timely formulation and implementation of risk mitigation measures.

2. IS will consist of (a) IS missions; (b) regular technical meetings and field visits by the Bank task team between the formal review missions; (c) implementing agency reporting based on internal monitoring and built-in third-party monitoring; (d) independent third-party verification; and (e) internal audit and FM reporting. IS will also rely on the review and analysis of data and documentation submitted by GoPunjab following agreed formats, timetables, and expected contents. Key data and documentation include those related to achievement of the DLIs, progress on monitoring indicators, financial reports, and procurement documents and contracts.

3. With respect to Component 1, as highlighted in the SORT, there are significant risks associated with new, technically complex, and/or politically challenging reforms to be supported under the project. To contribute to the mitigation of these risks, the Bank task team, which is based in Pakistan, will provide prompt technical support to the client to facilitate smooth implementation and use specific Lahore-based consultants to provide dedicated support to the client as and when necessary.

4. To gather firsthand, qualitative information on the implementation status and performance of the program, participation in GoPunjab consultations with stakeholders and field visits to districts and schools are expected to be key elements of the overall IS strategy. This is particularly important given GoPunjab's focus on improving service delivery at the school level. The task team plans to join selected consultations and meetings with stakeholders in Lahore and in the districts. The main semiannual missions will include field visits. Between the semiannual missions, the task team plans to carry out dedicated missions to visit government schools and government-supported, low-cost private schools and hold discussions with local administrators, teachers, parents, children, and local communities at large. All visits to the field will be carried out if the security situation permits and in full compliance with the security rules in effect at the time.

5. The Bank, together with the implementing agency and its subdepartments, will formally review project implementation semiannually (September and May).

Implementation Support Plan

6. The key members of the Bank task team will be primarily based in the Pakistan country office to ensure timely, efficient, and effective IS to the client. Formal supervision and field visits will be carried out semiannually, with more frequent technical IS missions during the

project. Detailed inputs from the Bank team are outlined in table 5.1. The listed personnel do not include experts brought in as needed to advise and support the GoPunjab on specific reform areas.

Table 5.1. IS Plan - Task Team

Skills Needed	Type	Number of Staff Weeks	Number of Trips	Comments
Overall policy dialogue, project implementation supervision and support management, team management and coordination, and internal reporting	Task team leader/ Education specialist	18 SWs annually	Field trips as required	Country office-based
Assessment of education systems and performance and technical and advisory support for any needed design and implementation improvements	Education economist	16 SWs annually	Field trips as required	Country office-based
Research and evaluation	Education economist	6 SWs	Two	Washington, DC-based
Assessment of M&E arrangements and performance and technical and advisory support for any needed design and implementation improvements	M&E specialist	4 SWs annually	Two	Washington, DC-based
Assessment of FM and procurement arrangements and performance and technical and advisory support for any needed design and implementation improvements	Procurement specialist	3 SWs annually	Field trips as required	Country office-based
	FM specialist	3 SWs annually	Field trips as required	Country office-based
	Social development specialist	1 SW annually	Field trips as required	Country office-based

Annex 6: Economic and Financial Analysis

PAKISTAN: Third Punjab Education Sector Project

1. This annex summarizes the economic rationale for PESP III by presenting (a) public intervention rationale; (b) cost-benefit and fiscal impact analysis; and (c) the Bank's value-add.

Public Intervention Rationale

2. The project aims to support the GoPunjab to improve participation completion and quality of school education with a particular focus on low performing districts. In doing so, the project will contribute toward higher completion rates and hence an increased number of years of schooling, and consequently, increased probability of employment and higher adult labor earnings. Additional benefits are expected from accountability-related reforms, which will increase school and system accountability through increased awareness and access to information. Therefore, public investments in primary and secondary education are warranted to improve education and labor market outcomes in the province. Public investments in primary and secondary education are warranted as economic benefits outweigh costs associated with such investments, as reflected in the economic analysis presented below.

Cost-Benefit and Fiscal Impact Analysis

3. This economic analysis presents a cost-benefit analysis of PESP III using the present discounted value method. Given that this project will offer sector budget support to the GoPunjab to implement its education sector reform programs, costs include forecasts of the SED NSB expenditure, the costs of new interventions to be introduced through PESP III, private costs which include direct household outlays, and opportunity costs of schooling over the project period. Economic benefits comprise three main components: (a) the number of additional primary school completers and secondary school completers (both for public schools and private schools supported by the project) earning higher wages relative to noncompleters;(b) improved quality and relevance of education resulting in higher earning potential for all primary and secondary school completers (both for public schools and private schools supported by the project); and (c) lower repetition and dropouts yielding benefits in the form of reduced wastage of public and private resources (for public schools).

4. The following assumptions and data sources were used to estimate the NPV of project benefits, the benefit-cost ratio, and the internal rate of return (IRR) for the project:

(a) Public school enrollment (Grades 1–10) data are from ASC data 2014 and 2013. Private school enrollment figures are from the targets to be achieved by the PEF under the PPPs subreform program and the EVS. It is estimated that by the end of the 5th year of the project, a total of 1 million children will be enrolled through the PPP and EVS subreform programs.

(b) Data on primary school and secondary school completers are calculated from ASC data 2013 and 2014. Figures 6.1 and 6.2 provide estimates for the number of additional graduates under PESP III. It is assumed that the various project activities under PESP III (enrollment incentives, improved teacher quality through teacher

PD, improved school environment due to NSB provision, and so on) will increase grade promotion by 3 percent and reduce repetition by 3 percent relative to the baseline. It is also assumed that without PESP III, the current promotion rates will decrease by 3 percent and repetition rates will increase by 3 percent relative to the baseline. In addition, given that the project will also support ECE, it is assumed that the annual intake into *katchi* (pre-primary) will increase by 2 percent each year under PESP III. The assumptions regarding promotion and repetition under PESP III also apply to private enrollments under the PEF.

(c) PESP III project costs are forecasted using the SED NSB for 2016–17 and SED expenditure over the past four years. New interventions to be introduced through PESP III have also been costed and factored into the SED budget costs. It is assumed that standard increases in the education budget and inflation will take place, amounting to 10 percent annual increases in the SED budget expenditure. Because the benefit streams are estimated using the differential impact of PESP III versus no PESP III, the cost streams will also need to be estimated in the same manner. It should be noted that public 'investment' to achieve the desired results in PESP III is not the same as the cost of operating the entire SED. A large share of the current SED costs will have to be met regardless of whether or not PESP III is introduced. For the purpose of the economic analysis, there is a need to estimate (i) the 'counter-factual' hypothetical situation of not having a PESP III project (a 'business as usual' scenario) and (ii) the higher costs needed to accommodate both the business-as-usual case and the additional investments required for PESP III. This analysis assumes that the non-salary expenditures of the SED budget are part of the additional investments required to implement PESP III. The analysis also factors in the estimated PESP III component costs. The total forecasted expenditure for the five years of the project is forecasted as US$3.77 billion in nominal terms.

(d) Private per child household expenditures on education (enrolled in public schools) are calculated using the PSLM survey data 2012–13 at two levels—primary and secondary—by taking the average annual per child household expenditure on education across respective grade levels (Grades 1–5 for primary and 6–10 for secondary). On average, households spend less than US$29 per year for children enrolled in primary grades and US$59 per year for children enrolled in secondary grades. It is assumed that less than 7 percent of primary school age children and 22 percent of secondary school age children would be engaged in wage labor activity if they had not enrolled in school, which are the current participation rates derived from the PSLM survey data (2013–14). Based on these assumptions, it is estimated that total household expenditure on education over the five years of the project is US$399 million while the opportunity costs in the form of foregone wages is estimated to be US$553 million (in nominal terms).

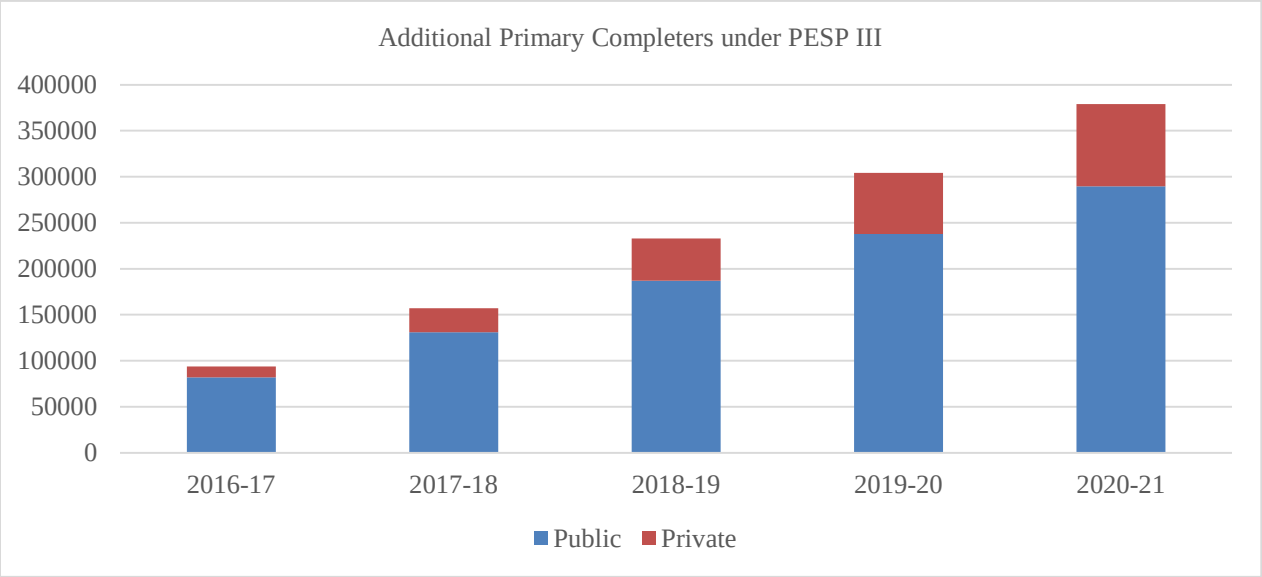
(e) Benefits due to increased lifetime labor earnings are estimated using the PSLM survey data (2013–14) for both primary and secondary completers. The average annual wage differential for primary completers relative to nonprimary completers is approximately US$728, while for secondary completers relative to nonsecondary completers the wage differential is approximately US$1,107. It is assumed that

primary and secondary completers will experience a 5 percent quality premium over this wage premium (3 percent is assumed for the low case in the sensitivity analysis, while 7 percent is assumed for the high case). Lifetime earnings are calculated for five cohorts of primary and secondary completers over 20 years (although school completers are likely to continue earning well beyond 20 years).[32] Three labor force participation rate scenarios are utilized for this analysis: 57 percent for primary completers and 58 percent for secondary completers (base case), 52 percent for both primary and secondary completers (low case), and 62 percent for both primary and secondary completers (high case).

(f) Efficiency benefits due to reduced repetition are measured as savings due to reduced number of years to produce primary school completers and secondary school completers. Based on the promotion and repetition assumptions mentioned above, it is estimated that PESP III will reduce the number of student years to produce a primary school completer by 1.3 student years and a secondary school completer by 1.2 student years.

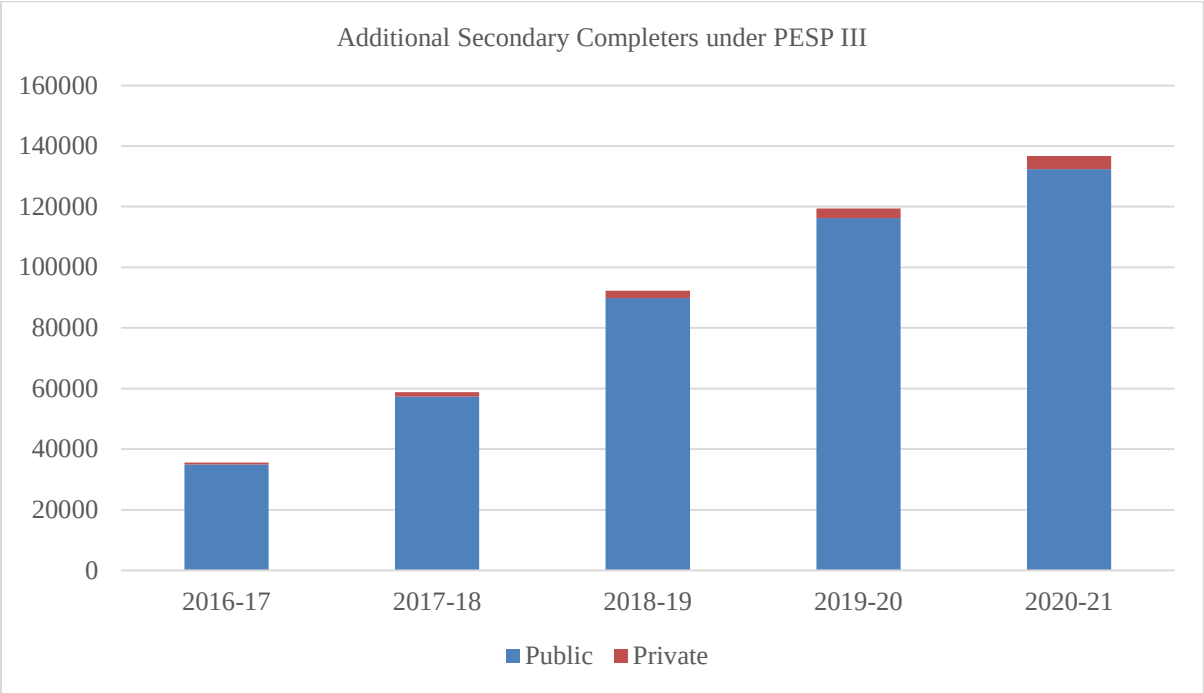
(g) The discount rate assumed for this analysis is 12 percent, while inflation is assumed to be 5 percent per year.

Figure 6.1. Total Number of Estimated Additional Primary School Completers with PESP III 2016/17–2020/21



[32] 'Discounting' will make the values insignificant beyond this time.

Figure 6.2. Total Number of Estimated Additional Secondary School Completers with PESP III 2016/17–2020/21



5. **IRR and NPV.** Based on the assumptions mentioned above, the estimated NPV of economic benefits under PESP III is US$4.25 billion with an IRR of 26 percent. Table 6.1 presents the results of the sensitivity analysis of NPV economic benefits, benefit-cost ratio, and IRR under various scenarios (base, low, and high cases) with varying quality premiums and employment rates. As evident from table 6.1, the NPV ranges from US$3.36–5.15 billion while the IRR ranges from 23–29 percent under the different scenarios.

Table 6.1. Sensitivity Analysis under Various Scenarios

	NPV (US$, millions)			**Benefit-Cost Ratio**			**IRR (%)**		
	Labor Force Participation Rate **Base Case** (57% primary, 58% secondary)	Labor Force Participation Rate **Low Case** (52%)	Labor Force Participation Rate **High Case** (62%)	Labor Force Participation Rate **Base Case** (57% primary, 58% secondary)	Labor Force Participation Rate **Low Case** (52%)	Labor Force Participation Rate **High Case** (62%)	Labor Force Participation Rate **Base Case** (57 primary, 58 secondary)	Labor Force Participation Rate **Low Case** (52)	Labor Force Participation Rate **High Case** (62)
Quality Premium base case (5%)	4,250	3,604	4,861	2.29	2.10	2.48	26	24	28
Quality premium low case (3%)	3,980	3,359	4,569	2.21	2.02	2.39	25	23	27
Quality	4,519	3,850	5,154	2.37	2.17	2.57	27	25	29

	NPV (US$, millions)			Benefit-Cost Ratio			IRR (%)		
	Labor Force Participation Rate **Base Case** (57% primary, 58% secondary)	Labor Force Participation Rate **Low Case** (52%)	Labor Force Participation Rate **High Case** (62%)	Labor Force Participation Rate **Base Case** (57% primary, 58% secondary)	Labor Force Participation Rate **Low Case** (52%)	Labor Force Participation Rate **High Case** (62%)	Labor Force Participation Rate **Base Case** (57 primary, 58 secondary)	Labor Force Participation Rate **Low Case** (52)	Labor Force Participation Rate **High Case** (62)
premium high case (7%)									

6. The discounted present values of the various benefit and cost streams are presented in table 6.2 using the base scenario. It is evident that majority of benefits are attributable to the wage premium for primary and secondary school completers (about US$6.5 billion) followed by benefits due to increased education quality (about US$0.68 billion) and benefits due to increased efficiency (US$0.36 billion). The major costs associated with the project are the public investments which amount to US$2.7 billion followed by private opportunity costs (US$0.363 billion) and private direct costs (US$0.27 billion).

Table 6.2. Discounted Present Values of Benefits and Costs under PESP III (Preferred Scenario)

Category	US$, millions
Benefits due to wage premium for primary completers	4,095
Benefits due to wage premium for secondary completers	2,410
Benefits due to primary education quality premium	447
Benefits due to secondary education quality premium	231
Benefits due to reduced inefficiency (primary)	174
Benefits due to reduced inefficiency (secondary)	181
Total Benefits	**7,538**
Costs	–
Public investments (SED, NSB + new interventions)	2,660
Private household direct costs (for additional primary enrolled)	117
Private household direct costs (for additional secondary enrolled)	148
Private opportunity costs (for additional primary enrolled)	51
Private opportunity costs (for additional secondary enrolled)	312
Total Costs	**3,288**
Net Benefits	**4,250**

7. The results from the economic analysis and the sensitivity analysis suggest that investing in PESP III could yield relatively high returns (with an IRR ranging from 23–29 percent and the NPV between US$3.4 billion and US$5.1 billion). These estimates are quite conservative given that additional benefits and externalities may arise due to the project, such as improved health

outcomes (delay in marriage, reduced fertility, and so on) that have not been included in the analysis. In addition, the analysis has not factored in additional benefits that could arise due to higher levels of school completion (beyond primary and secondary) which could result in higher wage premiums.

8. **Financial analysis and fiscal sustainability.** In the three-year period between 2012 and 2014, the annual increase in the SED (revised) budget was approximately 11 percent. It also bears mentioning that over the last three years, education sector financing has amounted to 15–17 percent of the provincial budget and budget execution rates have exceeded 90 percent during the same period.[33] In 2014–15, the SED received a (revised) budget allocation of PKR 206.41 billion constituting about 15 percent of the GoPunjab's provincial budget. Out of this allocation, the SED was able to spend about PKR 185.38 billion (90 percent).

9. Table 6.3 presents extrapolated funding projections for the five-year project period based on revised budgets and budget execution trends over the last three years. Estimated costs of new interventions being introduced under PESP III have also been projected over the five-year project period. It is expected that the entire project (SED expenditure and new interventions under PESP III) over five years will cost PKR 1.4 trillion in nominal terms. In each given year, Bank financing is expected to constitute 2–3 percent of total forecasted expenditure. Given that Bank financing is expected to be a small share of the overall education expenditure over the project period, it is expected that the government will be able to absorb the long-term financial implications associated with the project's activities.

Table 6.3. Extrapolated Funding and Expenditure Projections (in PKR, millions)

	Cost	FY 2016–17	FY 2017–18	FY 2018–19	FY 2019–20	FY 2020–21	Total 5-Year Cost
1.	Estimated SED (revised) budget	249,750	274,730	302,200	332,420	365,670	1,524,770
2.	Estimated SED budget expenditure	224,300	246,730	271,410	298,550	328,400	1,369,390
3.	Estimated cost of new interventions under PESP III	2,185	4,953	5,271	9,385	9,889	31,683
4.	Total forecasted expenditure (2+3)	226,485	251,683	276,681	307,935	338,289	1,401,073

Bank Value-Add

[33] World Bank. 2015. *Tracking the Flow of Public Money. Punjab: Expenditure and Quantity of Service Delivery Survey (EQSDS) in Primary School Sector*.

10. The Bank is well placed to provide support to the primary and secondary education sector in Punjab, given its global and local operational experience and technical expertise in the education sector. The Bank has a long history of supporting the GoPunjab's education sector reform programs through a succession of DPCs from 2004 to 2007 and two sector investment loans from 2009 to 2015. This engagement has not only facilitated a sectorwide approach to supporting education in Punjab, but has also provided the government with rigorous evaluations of various programs. The Bank's operational experience in Pakistan includes education projects in Sindh and Balochistan, which can also bring useful lessons to policymakers in Punjab. In addition, the Bank's global experience in education can provide lessons learned from around the world from countries that have overcome similar challenges as Punjab.

Annex 7: Education Sector Analysis

PAKISTAN: Third Punjab Education Sector Project

1. Pakistan has made progress in improving education outcome indicators over the past decade. However, education facts and figures reveal persistent underperformance, particularly in comparison to other countries in South Asia and other developing countries at its level of per capita income. Pakistan has the world's second-highest out-of-school population—6.7 million (12 percent of the total in the world) and 56 percent of them are girls. This issue is made all the more challenging by a population growth rate which has remained persistently higher than the regional average (1.65 percent compared to 1.3 percent in 2013). Public spending for education as a share of the country's GDP is low at 2.5 percent in 2013. The primary education attainment is among the lowest in the world, with less than half of the country's population having completed primary education. About 42 percent of people (ages 10 and above) cannot read and write. Malnutrition rates are very high with 45 percent of children under age 5 stunted, 11 percent wasted, and 30 percent underweight.[34] Despite the country's lower middle-income status, Pakistan's social development indicators place it among the least socially developed countries in the world. This is equally true for Punjab Province, and strikingly so for Punjab's LPDs.[35] Its primary NER (72 percent for Punjab Province and 61 percent in the LPDs) is lower than for the LDC (81 percent) and Sub-Saharan Africa (77 percent), including, among others, Ethiopia (87 percent) and Mozambique (90 percent). Its adult literacy rate (57 percent for Punjab Province and 45 percent in the LPDs) is lower than the LDC (58 percent) and Sub-Saharan Africa (59 percent), including, among others, Angola (70 percent) and the Democratic Republic of the Congo (61 percent).[36]

Table 7.1. Punjab and its Low Performing Districts in Comparison to the LDC and Sub-Saharan Africa

The Punjab and its Low-Performing Districts in Comparison to the Least-Developed Countries (LDC) and Sub-Saharan Africa (SSA) Select Social Indicators			
	Stunting (%)	Adult literacy (%)	Primary NER (%)
Least-developed countries	37	58	81
Sub-Saharan Africa	38	59	77
Punjab	39.2	57	72
Low-performing districts		47.6	66.2

[34] Pakistan Demographic and Health Survey 2012/13. National Institute of Population Studies.
[35] As amplified below, in the context of this project, Punjab's LPDs are among those districts with the lowest school participation rate for children ages 6–15.
[36] The figures for Punjab (with the exception of the previous footnote) are taken from the Pakistan Living Standards Measurement Survey, 2012-13. The figures for the LDC, Sub-Saharan Africa and other countries are taken from UNICEF's State of the World's Children Report, Statistical Annex 2014.

2. The past decade of education sector programming in Punjab has been characterized by an ambitious systemic reform, Bank and other development partner support, and relatively increased levels of financing (over the last three years, education sector financing has amounted to 17 percent of the provincial budget, and budget execution rates have exceeded 90 percent during the same period).[37] From 2003 to the present day, the GoPunjab has implemented several phases of the PESRP, sectorwide, medium-term education programs which support public and low-cost private education at the primary and secondary levels (up to Grade 10).[38] Under PESRP I and II, supported by the Bank through PESP I and II, the GoPunjab has focused on systemic improvements in the education sector for sustained results. These have included developing administrative systems (for example, regular measurement of student achievement through universal testing at Grades 5 and 8); improving the provision and quality of inputs (for example, CPD of teachers); and developing interventions that strengthen incentives and accountability for service delivery performance (for example, merit-based recruitment of teachers, provision of school-specific NSBs to schools, improved school monitoring, and dissemination of school and district performance cards). Some reform initiatives such as the provision of formula-based NSB to schools and merit-based teacher recruitment have been incrementally scaled up to all 36 districts of the province (though some only in 2014/2015), and some encouraging results have begun to materialize. However, these reforms would have to be implemented for another three to four years for their full impact to be seen. Continued support of these initiatives would be important to ensure that these are institutionalized and sustainable.

3. The scope of the PESRPs has been far-reaching: on the public sector side, the SED runs over 52,000 schools in all 36 districts of the province, employing over 320,000 teachers and enrolling almost 11 million students from *katchi* (pre-primary) to Grade 10. The low-cost private schooling sector, which has emerged as a viable alternative to government schooling, now enrolls almost one-third of children ages 6–10 and almost one-quarter of children ages 11–15. The increase in private sector enrollments has not been restricted to the more wealthy households, as 14 percent of children ages 6–10 in the poorest 40 percent wealth distribution are enrolled in private schools.[39] The GoPunjab has partnered with the private sector in education delivery through the PEF,[40] which reported almost 4,000 partner schools and 1.6 million student beneficiaries in 2014.[41] The quality of education provided by the low-cost private sector in Punjab is reported to be higher when compared to that of government schools. For instance, ASER 2014 found that learning outcomes for children in Grades 1, 3, and 5 in low-cost private schools in rural Punjab are higher than those in government schools for language (both Urdu and English) and arithmetic.

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[37] World Bank. 2015. *Tracking the Flow of Public Money. Punjab: Expenditure and Quantity of Service Delivery Survey (EQSDS) in Primary School Sector*.

[38] These reform programs have received financial and technical support from the Bank through four DPCs (2004–2007) and two results-based specific investment credits (2009–2012 and 2012–2015), the second of which, PESP II, is ongoing and draws to a close in June 2016. The PESRP has also been supported by the DfID.

[39] Statistics derived from PSLM 2012–13.

[40] The PEF, established in 1991, provides technical and financial assistance for the establishment, expansion, improvement, and management of low-cost educational institutions, incentives to students and teachers, and promotion of quality education in the province through public-private partnerships.

[41] Punjab Education Foundation Annual Report 2014.

4. **Improvements made in education indicators with regard to both enrollment rates and learning outcomes over the past decade have plateaued, despite the sustained focus that the sector has received over the same period.** The NER at the primary level (ages 6–10) has only increased by one percentage point from 71 percent in 2008/09 to 72 percent in 2013/14, and by two percentage points at the middle level (ages 11–13), from 36 percent in 2008/09 to 39 percent in 2013/14. In the LPDs, the NER is only 61 percent. The NER at the high school level (ages 14–15) has only increased over the last two years, and is still very low at 31 percent in 2013/14.

5. There is a mix of supply- and demand-side factors contributing to the stagnation in enrollment rates. On the demand-side, the reasons cited for not sending children to school include poverty, opportunity costs of schooling, low perceived returns to schooling, and poor quality of school facilities.[42] As the Implementation Completion and Results Report for PESP I points out, exogenous shocks,[43] which is beyond the scope of the reform program, also contribute to weak demand for schooling, especially for children from poor and disadvantaged backgrounds. On the supply side, the quality and availability of school facilities is a still major issue. Although sector financing has increased during the past decade, the scale and efficiency of sector expenditure and investment is still below what is necessary to fund an education system that can accommodate an ever-increasing cohort of school-going age children (population growth is an estimated 1.9 percent in Punjab).[44]

6. At a fundamental level, what needs to be recognized is that the challenges in the sector range from those that are usually found in less developed education systems—access, regional disparities, and equity issues (rural/urban, gender, and poverty)—to those prevalent in more advanced systems, such as using data and learning outcome information for education policymaking. This makes Punjab's education system both complex and unique; in many ways limiting the possibility in this third generation program to engage exclusively on third generation reforms. With regard to learning outcomes, it does bear mentioning that although the previous two projects have focused on improving learning outcomes through support to classroom teaching and learning, global evidence suggests that the average learning outcome in the short term, particularly in this context, may continue to go down since the system is still attempting to enroll children from poor/disadvantaged backgrounds and first generation learners. It is nonetheless clear that continued engagement in the sector is needed through supporting ongoing reform initiatives, many of which will take time to bear fruit, and innovative interventions to jumpstart stagnating indicators and push through transformative change.

7. **Despite major systemic reforms over the past decade, Punjab's education sector faces a wide array of key challenges, contributing to low enrollment rates and poor learning outcomes:** (a) low access and coverage in ECE; (b) low levels of school participation and high numbers of out-of-school children; (c) poor quality of education; and (d) weak management, accountability, and evidence-based decision making.

[42] ASER Policy Brief 2010–11.
[43] Including a sluggish GDP growth rate (less than 4 percent over the last five years); a volatile macroeconomic, political, and security situation; and natural catastrophic shocks (floods, earthquakes, and so on).
[44] Punjab Welfare Department, GoPunjab. http://www.pwd.punjab.gov.pk/population_profile.

8. **Low access and coverage in ECE.** A wide range of evidence has demonstrated that the quality of a child's early learning experience makes a marked difference with regard to school preparation, participation, completion, and achievement. Quality ECE programs increase child development scores on one or more measures of child development (literacy, vocabulary, math, and quantitative reasoning).[45] Increasing access to ECE can also have a positive impact on school participation and retention for older siblings, particularly girls, when they are freed up from the responsibility of caring for younger children.[46] Efforts to invest in ECE programs in Punjab have started only recently, and the scale of these efforts is limited. In 2012, the GoPunjab initiated a project in 1,000[47] high-enrollment primary schools across 36 districts, with the objective of introducing ECE across the province. As part of this project, ECE classrooms were established, learning materials were developed, caregivers were recruited, and teachers and SC members received ECE training.[48] Although there is a national curriculum for ECE (2007) and a scaling-up strategy for ECE in the Punjab, there is no comprehensive ECE policy for the province. In addition to severely limited classroom spaces, there is a scarcity of qualified teachers for ECE not to mention a gap in the policy on their recruitment, reflective of the lack of emphasis this subsector receives in existing teacher development programs.[49]

9. **Low levels of school participation and high numbers of out-of-school children.** Under PESP I and II, the Bank has supported the GoPunjab through the PEF to increase school participation in the province through the use of PPPs. However, Punjab's out-of-school population of ages 6–15 is over 5.5 million.[50] About 16 percent of children ages 6–15 have never attended school,[51] while 21.9 percent of children ages 6–15 are out of school. The figure for the LPDs is 31 percent and goes as high as 47 percent (in Rajanpur).[52] The province also accounts for 43 percent of the total female out-of-school population in Pakistan.[53] Out-of-school children (ages 6–15 years) are more likely, among other characteristics, to be female, older, rural, poor, have less educated parents, and be located further away from school than in-school children in the same age cohort.[54] Disparity in enrollment is observed across districts as well—10 out of the province's 36 districts account for more than half of the out-of-school population between the ages of 6 and 15. For instance, in Sialkot, 93 percent of children between the ages of 6 and 15 are enrolled in school, versus 56 percent of children in Rajanpur.[55]

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[45] Denboba, et al. 2014. *Stepping Up Early Childhood Development: Investing in Young Children for High Returns*.
[46] Lokshin, M. M., E. Glinskaya, and M. Garcia. 2000. *The Effect of Early Childhood Development Programs on Women's Labor Force Participation and Older Children's Schooling in Kenya.*
[47] The total number of ECE centers now stands at 1,225.
[48] Directorate of Staff Development (2015).
[49] There is significant scope for the expansion of ECE in Punjab—according to the SED, almost 7.4 million children fall within the ECE age bracket and only 30 percent of these children attend school. Furthermore, dropouts are also an issue in this age group, as 40 percent of children drop out from pre-primary and do not transition to primary. It is worth mentioning that ECE has been included as an area of focus in the Provincial Education Sector Plan (2013–17).
[50] Calculated by applying the school participation rate (6–15 years) of the PSLM 2012–13 to the 2015 population as estimated by GoPunjab's Population Welfare Department in 2011 (PWD: Population Situation of Punjab, 2011).
[51] PSLM 2013–14.
[52] PSLM 2012–13.
[53] Pakistan Education Statistics 2013–14.
[54] Carranza, E., and D. Raju. 2012. *Measuring Vulnerability: An Application to School Enrollment in Punjab, Pakistan*.
[55] PSLM Surveys 2012–13.

10. Access to schooling, particularly at the secondary level, remains limited in some parts of the province, thus contributing to the challenges described above. About 32 percent of out-of-school children (ages 6–10) still live more than 15 minutes away from the nearest primary school.[56] In some districts (especially those in the south of the province), this is more pronounced: for instance, in Bahawalpur, 49 percent of out-of-school children ages 6–10 live more than 15 minutes away from the nearest primary school.[57] Access to middle schools is even more challenging—in fact, 28 percent of towns and villages in the Punjab are located more than 2 km away from the nearest government girls' middle or high school, suggesting that access at the middle level is especially challenging for girls. In addition, where schools are available, there is suboptimal use of public school resources. Under PESP II, the SED reallocated teachers to ensure more efficient use of teaching staff resources, with more than 31,000 teachers being transferred to schools with teacher shortages on a needs-based formula. Despite these efforts, there are (a) almost 16,000 primary government schools which have a student-teacher ratio of 40 to 1 or higher and (b) over 11,000 primary government schools with an STR of 15 to 1 or lower.[58]

11. **Student transition and retention**. For those children who are in school, retention and transition are serious challenges. Over the last ten years, efforts have been made by the SED to address retention and transition for girls through the PSSSP, which offers stipends to girls enrolled in secondary grades in public schools in target districts. The initial impact of this program on female enrollment was positive, as findings from an evaluation indicate that the average impact of the program was a 9 percent increase in female enrollment.[59] However, challenges relating to student retention remain, and are not confined to girls. Only 47 percent of children have completed primary schooling by age 12 years, and secondary school completion rates are even lower as only 37 percent of 18 year olds have completed Grade 10. The highest dropout rate is seen in Grade 6, with 20 percent of 15–19 year olds dropping out of school. The dropout rate is markedly higher for females than males in rural households— almost 30 percent of females of ages 15–19 years drop out in Grade 6, compared to 19 percent of males in the same age cohort. While there is little disparity in overall completion rates observed by gender, there is substantial variation observed by wealth quintile—only 18 percent of 12 year olds and 6 percent of 18 year olds in the poorest wealth quintile have completed primary and secondary schools, respectively. In addition, while grade repetition is not a challenge in earlier grades, at Grade 9 repetition rates are as high as 8 percent.

12. While gender disparity is not as visible in overall school participation rates, it becomes glaringly obvious for poor households. For instance, the participation rate for girls in the poorest wealth quintile is 16 percentage points less than for boys (ages 6–10) and 26 percentage points less than for boys in the 11–15 years age group. The gender gap at middle and secondary education levels among the rural households is also evident—only 38 percent of rural girls (ages

[56] The highest share of children ages 6–10 who live more than 15 minutes away from the nearest primary school reside in the following districts: Mianwali (32 percent), Bhakkar (32 percent), Rajanpur (38 percent), Muzaffargarh 40 percent , D.G. Khan 32 percent, R.Y. Khan (29 percent), and Bahawalpur (34 percent) (PSLM 2012–13). The PSLM reports time to nearest schools rather than distance.

[57] In comparison, only 26 percent of in-school children ages 6–10 live more than 15 minutes away from school in the same district.

[58] ASC 2014.

[59] Chaudhury & Parajuli (2006)

11–15 years) compared to 46 percent of rural boys within this age group attend middle or secondary school.[60] However, with respect to learning outcomes for language (both Urdu and English) and mathematics at the primary level, boys perform only slightly better than girls.

13. **Low quality of education.** The quality of education in Punjab as measured by student test scores is by all accounts low. Learning outcomes as measured by ASER show that learning outcomes for Urdu have plateaued. Some improvement can be seen in mathematics and English learning outcomes—for instance, the percentage of Grade 3 children who can perform two-digit subtraction increased from 38 percent in 2010 to 48 percent in 2014, and the percentage of Grade 3 children who can read words in English (at a Grade 2 level) increased from 50 percent in 2010 to 59 percent in 2014.[61] However, these levels of student learning are low in absolute terms. In addition, the 2015 PEC results for Grade 5 show that average scores in the Urdu, mathematics, and English tests were only 61 percent, 50 percent, and 49 percent, respectively, while the overall pass rate for the exam was only 59.41 percent. Results were slightly better, but still very low, for the Grade 8 exam. Factors contributing to the low quality of education in the province are poor learning environment, poorly trained teachers, inadequate support in the classroom, poor school management and leadership strengthening, lack of governance and accountability, and ineffective multi-grade teaching.

14. **Within the school environment.** At the primary school level, multi-grade teaching is prevalent in 67 percent of primary schools. While in many other contexts this would not necessarily be a challenge, given the high STRs and the poor quality of teaching and support in the classroom, this becomes a bottleneck to improving the quality of teaching and learning. For example, there are almost 16,000 schools with STRs greater than 40 to 1.[62] Although the introduction of test-based recruitment and teacher placement policies have been solid steps taken by the GoPunjab (and supported under PESP I and II) to meet school needs with regard to the number and types of teachers, as well as tackling political interference in recruitment and placement issues, the payoffs from these reforms will take time to be realized and would need sustained political will and commitment. For instance, under the 2013–14 teacher reallocation policy implemented by the GoPunjab, 19,000 of the 50,000 transfers were withdrawn. Teachers continue to have low content knowledge and weak pedagogical skills—for instance, a sample-based survey of teachers in Pakistan found that only 36 percent of teachers could explain two-digit addition.[63] In addition, there is still a strong focus on rote learning and repetition in the classroom. Furthermore, as of Grade 3, the teaching/learning materials are in English, despite the fact that there is little evidence to suggest that most teachers and students have the capacity to teach and learn in English. A teacher's time-on-task is also lower than required due to a variety of factors which include teacher involvement in non-teaching activities such as engaging with school monitors, enrollment drives, administering polio vaccines, exam invigilation, election duty, emergency relief duties, and other administrative duties.[64] Students also seriously lack sufficient practice on learning tasks, and other than the textbook, there is very little exposure to reading and other teaching-learning materials. The lack of well-qualified teachers, good

[60] Statistics derived from PSLM Surveys 2012–13
[61] Comparison of data from ASER reports from 2010, 2014.
[62] The GoPunjab's policy is an STR of 40:1.
[63] Dundar, Beteille, Riboud, and Deolalikar (2014).
[64] I-SAPS (2015) Manuscript under publication

teaching-learning practices, and adequate teaching-learning resources are all of serious concern in light of their importance for student learning.[65]

15. **Institutional factors.** Institutional weaknesses in teacher training and assessment systems also contribute to the poor student learning outcomes. Under PESP II, field-based PD was strengthened to expand support to the poorest performing primary schools across the province. However, the quality of teacher training, both pre- and in-service, remains inadequate. As part of its efforts to address teacher quality, the GoPunjab established a system of field-based support to teachers through the DTEs. However, the number of DTEs is insufficient, their capacity needs to be strengthened, and their focus is more on teacher monitoring rather than teacher support. The DTE model of support is predicated on single-grade classrooms and does not address the needs of multi-grade teachers. Furthermore, data collected by the DTEs could be better utilized and tailored to address teacher training and support needs. Existing teacher development programs lack standardization and do not provide adequate incentives for the improvements of the qualifications of candidates. Strengthening pedagogical support to teachers is of vital concern given its impact—through improved teaching-learning practices—on student outcomes.[66]

16. With regard to the student learning assessment, Punjab lacks an overarching assessment policy framework or strategy that would clarify the role of assessment in the education system and provide a basis for prioritizing and organizing assessment activities. Existing assessment activities, though improved through both phases of PESRP, still require significant strengthening with regard to administration, quality, and the use of results to improve system accountability, teacher performance management, and teaching-learning processes in the classroom. The PEC, which oversees the design, administration, and scoring of the mandatory annual Grades 5 and 8 examinations in public schools,[67] lacks sufficient human, physical, and financial resources to do this, and reporting and use of PEC exam results is seen by many as neither useful nor prompt. The PEF also administers a biannual QAT to public and private schools with whom it has a partnership arrangement, but the quality of test content and administration has not been reviewed in many years.

17. **Management, accountability, and evidence-based decision making. The management capacity of education administrative staff at the district and sub district levels is low, and performance management systems do not foster accountability.** Inadequate leadership and capacity at district and school levels dilute any potential benefits which may accrue from the

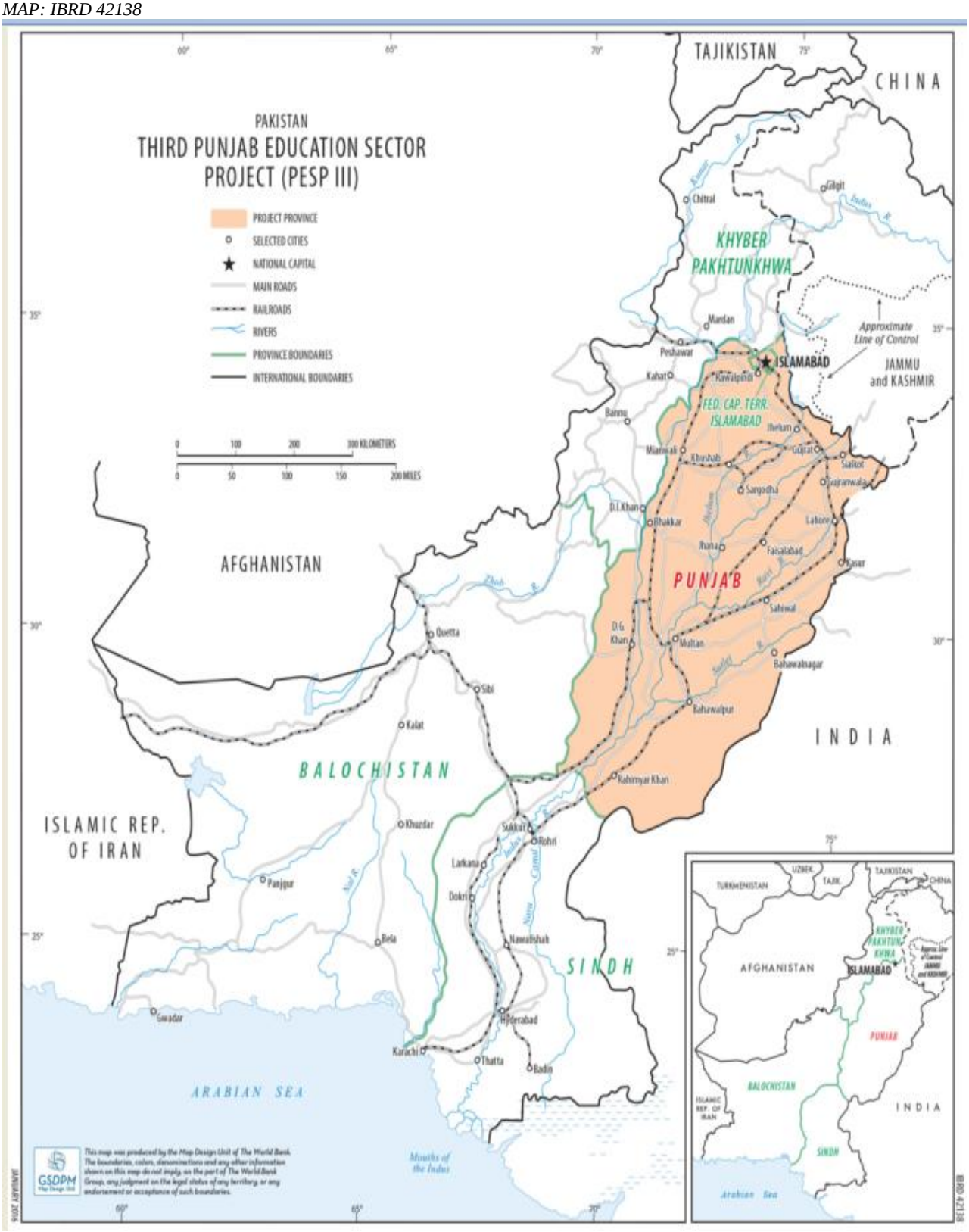
[65] The importance of the teacher's training, content knowledge, and quality of teaching-learning practices for student learning has been repeatedly documented. See, for example: Rivkin, Hanushek, and Kain. 2005. "Teachers, Schools and Academic Achievement." *Econometrica* 73 (2): 417–458. The availability of teaching-learning resources has been found to be a significant predictor of learning outcomes. See, for example: OECD (Organisation for Economic Co-operation and Development). 2013. Volume IV of *What Makes Schools Successful? Resources, Policies and Practices*.

[66] There is ample evidence documenting the positive impact of in-service PD and support on student learning. See, for example: Yarrow et al 2014; Cochran-Smith, M., and K.M. Zeichner, eds. 2005. *Studying Teacher Education: The Report of the AERA Panel on Research and Teacher Education*. London: Lawrence Erbaum; Patrinos, H., et al. 2014. *Learning in the Face of Adversity. The UNRWA Education Program for Palestine Refugees*. World Bank Group; and Piper, B., et al. 2011. *EGRA Plus: Liberia. Program Evaluation Report.* U.S. Agency for International Development, RTI International and Liberian Education Trust.

[67] PEC exams are optional for private schools in the province.

implementation of ambitious reforms designed at the central level. Promising reforms have taken place at the school level—for instance, NSBs are now provided to schools on a needs-based formula to ensure that nonsalary expenditures are met (for example, teaching materials, repair, and maintenance). A TPV of the NSB reform which was conducted under PESP II showed that the bulk of the funds have been spent on repair and maintenance, contributing to improving the infrastructure environment in the school. However, more needs to be done at the school level and the district level, where there is limited capacity to follow and implement FM guidelines which serve as a critical component of the NSB reform. Moving forward, there is a need to place greater emphasis on utilizing the nonsalary funds for procuring teaching and learning materials. In addition, institutional arrangements for PFM in the education sector lack transparency, which hinder planning and management in the sector.[68] Furthermore, despite the presence of multiple layers of robust monitoring in the province that produces good quality data on schools, teachers, and students, there is a lack of evidence-based decision making at all levels, as data collected regularly by several agencies is not always easily available or integrated.[69] Data dissemination at the school level, though started under PESP II through the provision of biannual school report cards, needs to be strengthened to ensure effective outreach to parents and the community to foster demands for school accountability. The capacity of SCs remains low in many schools, despite efforts to build capacity and empower them over the last decade.

[68] EQSDS. 2015.

[69] A third-party audit of the monitoring data shows the data produced by the monitoring system to be reliable. The system includes an EMIS manned at the PMIU and data being collected and fed into the system by the MEAs who are part of the CMMF.

MAP: IBRD 42138