

**Concept Document on AusAID's Support for
World Bank's Transforming School Education Project (TSEP)
Revised Based on Concept Peer Review Recommendations
15 September 2011**

Purpose:

The purpose of this Concept Document is to propose that AusAID enter into a partnership with the World Bank in Sri Lanka to support the transformation of the general education system (Grades 1-13) through the Transforming School Education Project (TSEP) to promote social cohesiveness, and to develop the skills needed to make the country economically and socially successful in the long term.

The intention of co-financing the TSEP is to accelerate development and delivery of a high quality education system in Sri Lanka that enables it to produce well skilled people able to contribute to and benefit from the country's social and economic development. Having achieved good results in terms of access to education in many areas, Sri Lanka now needs to urgently turn its attention to improving the quality of education to achieve its national development objectives. AusAID's funding would ensure the TSEP gives equal assistance to the primary education sector, whereas the original TSEP concept focused primarily on secondary education,

This document has been prepared on the basis of joint AusAID-World Bank and Government of Sri Lanka mission in June 2011, and incorporates feedback from a Concept Peer Review (CPR) held on 3 August 2011. Outcomes from the mission are to inform both this Concept Document and the World Bank's Program Appraisal Document (PAD) which is expected to be shared as a draft in September. Both the Concept Document and PAD are designed to support the Government of Sri Lanka's (GoSL) second Education Sector Development Plan (ESDFPII), which is currently in draft form. A final version is expected by September 2011.

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1. Introduction

An analysis of basic MDG data shows Sri Lanka is performing relatively well compared to other countries in its region. Access to education is reasonably good. However, while Sri Lanka is well positioned to achieve basic MDG education access goals, it has not yet tackled major changes necessary to improve the quality of education provided to its children. Substantial numbers of children continue to fail to achieve mastery of core skills including reading, writing and arithmetic. Without basic literacy skills, the return on years of schooling to a child is either zero or very small. (For a brief overview of the general education system

see Annexe 1). The World Bank report *Transforming School Education in Sri Lanka (2011)* provides a more comprehensive analysis). Improving the quality of education consistently throughout the general education system is essential to Sri Lanka's ability to achieve inclusive development, and to promoting social cohesion and lasting peace. Together, these are the two most significant determinants of the country's future.

Skills for inclusive growth

Data from across Sri Lanka's nine provinces show that children are failing to achieve basic skills at a rate of between 12 and 70 percent. About half the primary school students fail to meet the required level for the first language and for mathematics, and around 80 percent of students fail to meet the standard required for English. Valuable 'soft' skills, such as lateral thinking, analytical and problem solving skills are generally underdeveloped. Despite these failures, students are typically automatically promoted to the next grade. This process masks the extent of the weakness in the quality of education. National data is further distorted by the success of a select few, but large, private schools which typically achieve reasonably good quality educational outcomes. Failure to achieve basic skills denies these students the opportunity to progress to, and benefit from, higher levels of education, and the improved economic opportunities that are available to more highly skilled people.

The importance of the economic role of the education sector has risen rapidly as global production processes have become increasingly knowledge intensive. Since the 1970's higher order skills have been increasingly important in the international labour market and therefore domestic markets, and essential to success in countries that advance economically. The quality of general education determines the productivity of employees and workers, and Sri Lanka has, in relation to other lower middle income countries with comparative socio-economic statistics, lost ground in recent years¹. GoSL has recognised that a major effort to improve the acquisition of basic, complex and soft skills throughout general education system is needed to help position Sri Lanka to be successful and competitive in the future.

Promoting Social Cohesion

The Ministry of Education (MoE) also recognises that quality issues in education, in particular the way history and civic education is distorted, has consistently been a driver of conflict and has systematically undermined social cohesion. Good quality, progressive education should encourage positive attitudes of citizens towards social and cultural diversity, and ethnic and religious pluralism. It should also promote values, ethics, codes of conduct and patterns of behaviour that are needed for democratic institutions to flourish. GoSL has now developed a national policy on promoting social cohesion through education, but implementing this consistently throughout the country presents a challenge. Sri Lanka continues to face difficult and entrenched political obstacles to critical reforms including revising sensitive areas of the curriculum, and finding a successful framework for teacher training and deployment (which is critical to ensure that the most disadvantaged areas attract sufficient and well trained teachers). New bilingual and second language policies, while promising, present additional implementation challenges. There is high level recognition that these major issues need to be resolved in order to move the country's educational system forward.

In recognition of these problems and the need for substantial technical assistance, the Government has approached the World Bank to provide a US\$100 million loan for technical

¹ World Bank Transforming School Education in Sri Lanka (2011) forthcoming.

assistance over five years. In doing so, it has shown a determination to break the mould which has undermined real success in the education sector over the last 60 years.

The new program planned with the Bank, the Transforming the Education System Project (TSEP), is a fundamentally important program in changing the education sector to meet the country's needs as Sri Lanka finally begins to recover from war, and reverses its economic decline. The reforms envisaged in TSEP are essential to achieving the country's long term economic goals as outlined in the President's development blueprint, 'Mahinda Chintana II'. The TSEP sets out a strategy for ambitious and far-reaching change to key issues such as the curricula and teaching methodologies in both primary and secondary education, with a view to achieving a more inclusive education framework that will help Sri Lanka to develop peacefully, and building the skills to help it thrive economically.

AusAID Objectives

In addition to being the flagship of Australia's aid program globally, education is identified as a focal sector in the draft *Strategic Approach to Aid in Sri Lanka (2011-15)*. Improved access is indicated as a priority under objective three; social protection and access to services for excluded and vulnerable people, and school reconstruction forms part of efforts to support objective one; recovery and infrastructure. All Australian aid must contribute towards realising the overarching objective of a stable, economically resilient and peaceful Sri Lanka.

In line with sector budget modelling led by Budget Unit over 2010-11, AusAID is now considering scaling up education assistance to approximately AUD 7 million per year. An investment of this scale could make a major contribution to improving the general education system over the life of Agency's strategic framework for aid to Sri Lanka. It is proposed to support the GoSL's ESDFP II by providing a \$35 million grant to implement through a Trust Fund to extend the benefits of TSEP to all grades within the general education sector with the purpose of achieving holistic change across the system. Given the special role of education in national development, this should make a critical contribution towards the achievement of Australia's aid objective of supporting peace and economic prosperity in Sri Lanka. An investment in Grades 1 – 3 is particularly valuable given global recognition that the first few years can determine the value and effectiveness of the rest of a child's education.

At Concept Peer Review on 3 August 2011 AusAID identified three particular objectives for the proposed partnership with the World Bank. These are:

1. Increase the national emphasis on improving the quality of primary education, reducing regional and other disparities in learning outcomes, and promote social cohesion through education;
2. leverage better outcomes from investments made by the GoSL and the World Bank through analytical and policy influencing work; and
3. Strengthen the Government's systems by using them, and learn from this.

The Engagement Plan (Annexe 1), read in conjunction with this Concept Document, explains AusAID's strategy to achieve these outcomes.

2. Context and AusAID program

There are four major development partners currently working in the education sector; the World Bank, ADB, UNICEF and AusAID. The World Bank is the only partner whose funding and technical assistance spans primary to higher education, and therefore is the

closest to a sector wide approach. The ADB provides assistance for technical and vocational education (TVET), but has not demonstrated interest in working closely with other partners in the sector. UNICEF works mainly with the primary and non-formal education branches of the Ministry of Education, with most of its work falling under the Child Friendly Schools policy framework. The Save the Children Fund, Plan Sri Lanka, GIZ and UNESCO provide modest scale technical support to the Ministry of Education (MoE) to improve education in identified areas, and some support targeted schools. All partners operate within the boundaries of the ESDFP, but support is not closely coordinated, and approaches and emphasis differ between partners. The World Bank appears to have the closest working relationship with both the MoE and Ministry of Finance at a policy setting level, while UNICEF and NGO partners work primarily (and effectively) with MoE staff at a more operational level.

From 2009 through 2012 AusAID is supporting the Basic Education Support Program (BESP) which is executed by UNICEF and implemented by the MoE. It focuses on improving the quality and access of primary education in rural and disadvantaged communities through the establishment and roll out of the child friendly school (CFS) approach, which aims to improve learning achievement by building a child-friendly learning environment. CFS is a strategy within the Government's national policy framework (ESDFPI). BESP activities were launched in six districts in Central, Uva and Eastern Provinces. An independent mid-term review in late 2010 found that "the strategies being implemented are largely effective and have the potential to substantially add value to the GoSL's overall education program." The review found that there "is a strong rationale for AusAID to continue to support the BESP, whilst concurrently further exploring options for expanding its support to the Sri Lanka education sector." In early 2011 AusAID approved a UNICEF proposal to consolidate its work and to expand BESP activities to another five districts in the Northern Province, in line with the GoSL's request. Accordingly the overall Program size was increased from AUD 5.9 million to AUD 7.4 million.

Lessons Learnt

BESP is the only activity that AusAID has supported in the education sector. The decision to partner with UNICEF reflects strong alignment between AusAID's policy focus on basic education and promoting equity, and the organisation's technical strength in basic education and its capacity to work directly with MoE officials and communities to directly support the most disadvantaged schools. Lessons learnt through this program are documented in the IPR (2010). One lesson particularly relevant to this proposal is the observation that the MoE is a complex organisation, demonstrated by the fact that understanding of, commitment to and implementation of CFS varies across staff at different levels, and between field staff and the central Ministry. While a national policy, it enjoys more support within the primary education branch of MoE and amongst the staff that implement it than it does at higher levels, where it is seen as one amongst many strategies being tested and implemented.

AusAID has worked closely with UNICEF to strengthen several elements of BESP over time, one of the most critical being the impact that BESP has on national policy. For instance, initiatives to improve national level monitoring and evaluation, revise elements of the primary curriculum, and improve national teacher training were strengthened following the MTR. While these are positive policy inputs, they are not of a scale sufficient to address the major challenges outlined in the introduction to this document. This requires politically challenging national level reform, which itself requires committed leadership from the

highest levels within Government, and cohesive, well informed policy designed to holistically develop the entire system. Our assessment is that despite its technical strengths in basic education, UNICEF is not currently well positioned to champion reform of that scale, although its continued technical support for education and CFS in particular remains important.

The World Bank’s experience partnering closely with GoSL to support development of the ESDFPI and now ESDFPII, as well as the breadth of its education investments and its technical strength position it uniquely as a potential partner in policy dialogue. This is evident in recent decision by the MoE to appoint the Bank to chair a sector working group, to which only UNICEF, UNESCO, AusAID and GTZ are invited as permanent members. Our assessment is that this move reflects a preference by GoSL to work directly with a trusted partner, and use this relationship as a conduit for policy input from other smaller and more specialised development partners (which is the category into which AusAID fits at present).

Options Considered

In developing this proposal, and in line with advice provided at Concept Peer Review on 3 August, AusAID has explored the following alternative options.

			Rating
Partner with WB in the TSEP through a World Bank Trust Fund	<p>Program is already advancing to full design, Program clearly matches AusAID’s policy objectives. AusAID will be fully involved in the design. WB program anticipates embedding and scaling up CFS which provides sustainability for work done 2009-2012 with UNICEF.</p> <p>The TSEP has been developed in close consultation between WB and MOE and forms a core delivery strategy for the ESDFP II</p> <p>The Government has already approved TSEP in-principle</p>	AusAID will have less visibility than with the BESP model, for which we were sole funders	High
Alignment with ESDFPII through a World Bank Trust Fund without the mediating lens of TSEP	This would require separate documentation as well as separate appraisal, monitoring and reporting arrangements to be managed by World Bank in addition to their management of the TSEP.	This would entail considerable additional work for World Bank and AusAID with no obvious advantages over support to TSEP.	Low given existing options
Continue with	This is a viable but not preferred	A larger value program would	Medium

BESP	<p>option. AusAID can work with UNICEF to create another project, either focusing on CFS and/or also incorporate other important elements of the program. UNICEF would welcome a partnership with AusAID. UNICEF is a well regarded implementation partner. It could potentially have high impact depending on scale and targeting of a potential program</p>	<p>have to be designed to address critical national policy issues.</p> <p>The WB program will in any case develop and implement the TSEP, and a program with UNICEF will need to identify niche areas.</p> <p>Program design and implementation will take at least one year, resulting in FY target problems.</p> <p>AusAID's FY education sector targets are large and it may be challenging to develop sufficiently expanded programs with UNICEF to absorb funds.</p>	
Partner with WB and continue key elements of UNICEF work	<p>Under this option we engage primarily with TSEP but retain a limited partnership with UNICEF to continue to provide technical support on CFS and potentially other critical skills areas where UNICEF has a comparative strength.</p> <p>Working through UNICEF would likely be a good supplement to WB skills and would enable the continuation of a strong partnership between UNICEF and the MOE</p>	<p>It would require AusAID to manage two contracts in the education sector.</p> <p>It is noted that the WB's initial response to formally incorporating UNICEF into the TSEP in a technical role was not accepted due to contracting procedural and other issues</p> <p>It is not clear how lines of communication and responsibility would work, although UNICEF could be contracted to support MOE rather than TSEP, and thereby enable MOE to engage better with the WB/TSEP</p>	Medium
Partner with ADB	No details available	<p>This program is unlikely to proceed to implementation in under 2 years.</p> <p>It is likely to have a heavier construction element which is less consistent with our strategic objectives in the education sector</p>	Low, given timing and existing good options
Direct support to GoSL		This is considered an unviable option given AusAID staffing constraints, the complexity of the GoSL systems and the high risk of misuse of resources	Not an option

In coming to the recommended option, the following criteria were applied:

1. Greatest expected results (beneficiary numbers, coverage, etc)
2. Alignment with AusAID policy objectives (as in country strategy)
3. Greatest potential for influencing GoSL policy/practice (including integrating CFS)
4. Capacity of Post to Resource the proposed mechanism
5. Compliance with aid effectiveness principles

To deliver increased aid in the education sector in an efficient way, that has high impact and return on funds, AusAID interventions in Sri Lanka needs to evaluate the different modalities. The BESP is showing good returns for our investment, but is largely working from the centre to the periphery on the national problem of access and quality Yet these issues require substantial national reform to work well.

The GoSL is developing the next phase of the Education Sector Development and Framework and Program (ESDFP), which includes as its centrepiece efforts to improve primary and secondary education to prepare Sri Lanka as a ‘knowledge hub.’

GoSL’s ESDFP 2006-2011 is a five year framework that sets out key policy initiatives. The ESDFP was developed to be the basis of a sector-wide approach (SWAp) through which a wide range of multi-faceted strategies could be implemented across central, provincial and school levels to further develop and reform the education system in Sri Lanka.

While the ESDFP was planned as a SWAp and has some of the characteristics of a sector program, the various initiatives have been implemented with only minimal coordination. There have been no joint reviews and few joint meetings. The Ministry of Education tends to meet with DPs separately to review their projects and for planning each year.

The Government is now well advanced in planning the next ESDFP plan (ESDFP II) which will be fully reviewed and assessed before and during the joint appraisal mission. The MOE has been in intensive discussions with the World Bank on the development of the program. The World Bank is planning to support the program through the TESP which will be the most significant planned investment to directly support the ESDFP II.

Although called a project in World Bank terms, TSEP will be an integral part of the ESDFP II. The Bank and the Government are working on program parameters that enable it to effectively act as a sector wide approach. The World Bank had originally planned to make available a loan of US\$50 million at the GoSL’s request, but GoSL subsequently sought approval to increase the size of the loan to \$100 million. This is in recognition of the critical importance of external technical support to bolster the GoSL’s efforts to transform the education system.

It is considered valuable to enable UNICEF to continue their technical support to the MOE for the development and implementation of CFS. AusAID should consider whether this is possible, noting that it is likely to require additional contract work. A small program with UNICEF – of perhaps \$200,000 per year – may enable UNICEF to retain core capacity to support MOE. UNICEF could support the PSI component of the TSEP in particular, ensuring that this concept is developed and implemented in line with current principles of ensuring a child-focused education system.

3. TSEP Description

The ESDFP has four major policy themes, or pillars, namely promoting equity by enabling all children in the country to access and complete basic and secondary education; improving the quality of education; enhancing the efficiency and equity of resource allocation and distribution; and strengthening education governance and service delivery. The MoE is currently developing the next phase of the ESDFP and has committed to share its draft plan with DPs by the end of July. It is expected that the four pillars of the program will remain the same in the next phase. At the time of preparation of this Concept Document, the ESDFP was not available, and it was therefore not possible to incorporate specific targets either under the TSEP or the ESDFP.

The World Bank proposes to support the ESDFP II through the TSEP, which will be a Specific Investment Loan (SIL) of approximately US\$100 million and follow a sector-wide programmatic approach (SWAp). The TSEP will not be a separate ring-fenced project but will be aligned with the over-arching policies, development strategies and results framework of the ESDFP II. The resources under the operation will follow the GoSL budget processes for the education sector. Funds will be disbursed by the central Government's Finance Commission to the MoE for the central education agencies and by the Finance Commission to the Provincial Councils for the agencies operating at the Provincial level

The project development objective is to enhance equitable access and quality of primary and secondary education to provide a foundation for the knowledge-based economic and social development of the country. The central outcomes of the operation are aligned with the key performance indicators of the ESDFP II and are as follows:

- Increase the survival rate of students up to Grade 11 (age 16 years) in the education system.
- National assessments of learning outcomes conducted according to a regular and continuing cycle for English, science and mathematics in secondary grades and for English, mathematics and first language (Sinhala and Tamil) in primary grades, and used for the development of the annual rolling education sector plan.
- The Program for School Improvement (PSI) cycle completed in schools in all divisions.

As the reduction of disparities will be a major aim of the program, these outcomes will be measured and reported by gender, province and medium of instruction to ensure that gender, regional and language-based variations are captured. They will also be reported for Grades 1-5, Grades 1-9 and Grades 1-11. The Results Framework will also have a set of outcome indicators and intermediate outcome indicators.

The project components are aligned with three of the pillars of the ESDFP II, as follows:

1) Pillar One: Promoting equity of access to primary and secondary education

The central objective of this pillar is to increase the proportion of children and youth aged 6-16 years completing 11 years of education. A set of good quality secondary schools offering education in the science, arts and management curriculum streams will be developed to expand the opportunities for secondary education. A set of good quality primary schools will

be linked as “feeder schools” to each secondary school. This network of linked primary and secondary schools is being identified through a strategic school mapping exercise in all provinces. Under ESDFP II there are plans to upgrade and develop about 4,000 primary schools and 1,000 secondary schools during 2012-2016. In addition, non-formal education programs and special education programs will be available for students who need these alternative types of education as part of an inclusive education approach. It will be important to ensure that the approximately 5,000 schools not included in the 1,000 secondary and 4,000 primary schools initiative also receive adequate support from the program. Through the CFS all children should be enrolled and retained in school. The CFS approach has mechanisms for identifying and addressing gender issues at the school level. In general there are high participation rates of girls and boys at all stages of education in Sri Lanka, including higher education. However further analysis may be needed. This will be discussed and agreed as part of the appraisal process. The analysis could address broader factors including the quality of curricula in terms of breaking down stereotypes, and the participation of women, men, girls and boys throughout the education system, with particular attention to opportunities for women to exercise leadership.

2) Pillar Two: Improving the quality of education

Improvement of quality at all levels is the key challenge for Sri Lanka and it will be the major focus of the program. A strategic initiative under this pillar is the development of a system for the regular and continuing assessment of cognitive skills. These national assessments of learning outcomes will feed back into policy and program development, especially in the context of the rolling education sector development plan of the central Ministry and the Provinces. The information and feedback from the assessments will be used by policy makers and technocrats in key areas such as curriculum development, pre-service teacher education, continuing teacher development, and in the production of educational material including textbooks. The learning assessments will also provide feedback for Provincial Councils on the performance of the education systems in the provinces. The intention is to use the feedback from assessments to target support and to justify a major overhaul of the system to effectively address the problem of low achievement.

The TSEP will pay special attention to the promotion of learning in key subjects. At the secondary level these are IT, English, science and mathematics, commerce, and civics and governance. At the primary level these are the two foundational subjects of first language and mathematics as well as English and IT. It has been proposed that the Government undertake an assessment of the primary education curriculum and management of the sub-sector in the early stages of ESDFP II as a means to identify gaps and to address issues affecting quality and equity. The child friendly approach will be adopted in all primary schools and primary sections of ‘all through’ schools across the country.

The program also seeks to promote social cohesion through the education system by increasing interactions between students from different ethnic and religious communities. It is recognised that school systems can promote attitudes and practises which lead to social cohesion, or they do the opposite. In the case of Sri Lanka pedagogical materials used from as early as the 1950s led to the opposite situation. While work has already been done to adjust the textbooks, further work is needed, particularly in bringing the different groups together. Under ESDFP II initiatives will include co-curricular and extra-curricular activities across communities and the use of the school curriculum to present multi-ethnic, multi-cultural societies favourably to students. This is a key initiative for the future social and

political stability of Sri Lanka as the nation emerges from a long running ethnic-based civil war.

3) Pillar Three. Strengthening governance and delivery of education services

The main ESDFP II development initiative under this pillar which will be supported by the TSEP is the establishment of a balanced model of school based management called the Program for School Improvement (PSI). Under this model, school officials such as principals, teachers and administrators will be joined by stakeholders in the local school community, such as parents, past pupils and well-wishers, in the management and administration of schools. The government will provide a grant to schools to improve education outcomes, particularly to improve student learning and for initiatives to strengthen the “soft skills“ of students, such as team work, an industrious and disciplined work ethic, good communication skills, leadership and enterprise, that are in demand by employers. In addition, the schools will be able to raise resources from their stakeholder communities to supplement the funds received from the government to develop the schools. Participatory school planning and development models embedded within the CFA will be brought under and strengthen the PSI framework.

The TSEP will also support the ESDFP II to strengthen the capacity of the education management system, particularly the sub-provincial system at the zone and division levels. Special emphasis will be given to strengthening the planning, budgeting and administration skills, and monitoring capacity at these levels. In addition the project will support the GoSL’s initiatives to build the leadership and management capacities of school principals. The TSEP will also assist the foundation of the ESDFP II, enhancing the efficiency and equity of public expenditures in the education sector, especially through support for the rolling five-year education sector development plan.

Special support will be provided to lagging regions, specifically including the Northern, Eastern and Central Provinces, where education outcomes lag well behind national levels of achievement. Assisting these regions to ‘catch up’, thereby reducing regional disparities, must be a strongly articulated element of the WB PAD.

If AusAID approves funding for the project, its assistance will provide for an enhanced emphasis on improving the quality and equity of education outcomes, with a special focus on primary education, on inclusion in the mainstream of currently excluded groups and on the development of the education system in less advanced geographical areas and sectors. The AusAID funds will not be earmarked but the additional funds will increase the resources available for these priorities. Without the AusAID funding there is the danger that the primary sub-sector would not receive the support which it needs as the basic building block for all learning.

4. Design, Implementation and Resourcing

Project preparation

Although MOE has not yet completed the drafting of its overall plan for ESDFP II, the overall scope, objectives and implementation arrangements have been discussed in detail, and project preparation by World Bank is quite advanced. An identification mission was fielded in early 2011 and the World Bank management has approved in principle the development of

the project and preparation for appraisal. AusAID took part in a joint preparation mission 13-24 June along with UNICEF, GIZ and UNESCO under the leadership of the World Bank. AusAID was represented by the Regional Counsellor and the First Secretary with the fulltime participation of the Regional Education Adviser, the Senior Program Manager for Education and an international primary education consultant. During this time a number of meetings were held with World Bank, and the primary education aspects of the proposed program were significantly strengthened. Whereas in World Bank's original Concept Note it was estimated that 70% of project funds would be used for secondary and only 30% for primary, with AusAID's contribution the amount and proportion for primary education will be significantly enhanced. The continuation of the process through appraisal and approval is outlined in the Engagement Plan (Annex I).

Alignment and harmonisation

During the preparation mission the World Bank team and Development Partners (DPs) discussed with the Ministry of Finance and Planning (MFP), the Ministry of Education, the Finance Commission, the Provinces and amongst themselves ways to strengthen donor cooperation under ESDFP II. The Ministry of Finance and Planning requested the Bank team and other DPs to integrate their support within a sector-wide approach. It was agreed all DPs will work in support of the overall GOSL program under the leadership and guidance of the MOE, although it is recognized that the DPs will follow a variety of funding modalities, depending on the size and duration of individual donor programs and the institutional requirements of the respective DPs. The World Bank and DPs committed to make every effort to align their activities with the MOE's program and harmonize their work with each other. The DPs will also support participatory approaches, transparency, predictability and comprehensive documentation.

It was agreed that in the future there will be one program framework, the ESDFP II (2012-2016), as proposed by the MOE to which all donor funded activities will contribute. A results framework will be developed to encompass all development activities and all DPs' support will contribute to the achievement of the agreed results. Individual initiatives outside the overall framework of the ESDFP II will be avoided.

Under the leadership of the MOE quarterly ESDFP II monitoring meetings will be held under the chairmanship of the Secretary of the MOE. A joint annual review mission will also be undertaken by the Bank team and DPs in which all the ESDFP activities and plans will be reviewed in relation to the expected targets and results. Among the donors the DPs will also meet regularly under the leadership of World Bank to ensure that their activities are harmonized with the GOSL program and to discuss issues of mutual interest.

Through its endorsement of ESDFP II activities in primary education, AusAID's support will influence and strengthen the status of quality of the foundational stage of education. It will help the MoE and the provincial authorities to distinguish more clearly their support for the primary and secondary stages of education and to allocate human and financial resources respectively.

Assessments

The Financial Management Team of the Bank together with the procurement team conducted a joint fiduciary review of the education sector with the primary objective of identifying

opportunities for greater use of the country's Financial Management and Procurement systems in the proposed project. The FM assessment identified gaps in the design and practice of the country's/sector's FM systems, aspects of the country systems that can be used as part of the proposed project's FM arrangements, areas that need further improvement before they can be adopted and actions that can be taken at the sector level to improve the systems.

The Bank Procurement Team jointly with the FM team carried out a comprehensive assessment of the procurement capacity of the education sector. A number of weaknesses were identified, and discussions are on-going on how the system can be strengthened. Environmental and social assessments are also being undertaken. Information from all the assessments will be shared with the appropriate sections in Canberra. The WiPS section will be consulted extensively on the appropriate use of the GoSL systems.

Implementation arrangements

The ESDFP II will be managed and implemented at the national level by the Ministry of Education and at the regional level by the Provincial Education Ministries. The Ministry of Finance and Planning and the Finance Commission will also be involved in the management and monitoring of the TSEP as they play a role in allocating public funds to the education sector. The Ministry of Finance and Planning allocates public resources at the national level to the Ministry of Education and for the provinces to the Provincial Councils. The Finance Commission authorizes and monitors the budgets of the Provincial Councils.

AusAID funds will be provided through a World Bank Trust Fund. Implementation will be through the GoSL systems with monitoring of financial transactions and procurement as well as the implementation of program activities by the World Bank. GoSL will report on the overall program on a regular basis, and the World Bank will keep AusAID informed of its monitoring processes and findings.

Monitoring and evaluation

The ESDFP II will have a strengthened emphasis on the monitoring and evaluation of results and outcomes by the MoE in conjunction with provinces, districts, zones, divisions and schools. The monitoring and evaluation activities will focus on program inputs, processes, outputs, results and outcomes. A detailed framework for monitoring and evaluation will be worked out focusing on both monitoring and performance indicators. Performance indicators will follow progress in terms of education outcomes such as school attendance, learning outcomes, budgetary allocations to promote marketable skills and stakeholder satisfaction levels. Indicators for primary education and access will be included in order to monitor progress in these AusAID priority areas. The results framework will clearly identify the expected results for each stage of education. Progress in the reduction of disparities will be monitored through the use of disaggregated data. Monitoring indicators will be used to follow the implementation of critical actions to achieve overall outcomes. These will be linked to actions that introduce new initiatives or have significant long-term development impacts. The results framework of the ESDFP II will outline both sets of indicators, with the monitoring indicators emphasized in the early years of the program and the performance indicators highlighted in the later years of the program. Each year the DPs, including World Bank and AusAID, will participate in a review of the program results and outcomes based on

the monitoring framework. AusAID will use the information from the overall M&E system to complete its quality assurance processes.

Financial and procurement management

The overall responsibilities for FM for the Central Component will rest with the MoE. The responsibilities will include ensuring compliance with all financial covenants in the legal agreement relevant to the Central Component. The Provincial Component will be coordinated by the Finance Commission and will have similar responsibilities as the MoE in terms of implementing the financial covenants of the legal agreement.

The project will provide supplementary funds to the overall education budget of the GoSL. The project will form part of the GoSL's budget. The budgeting and fund flow arrangements will be fully aligned with the existing systems of the GoSL. The annual action plans of the sector will be shared and agreed with the Bank prior to being included in the GoSL budget.

A procurement system is in place within the Central Ministry as well as the Provincial Councils. The procurement practice of the country is governed by the National Procurement Guidelines which is approved by the Cabinet of Ministers. These guidelines are used by agencies under the Central Government and the Provincial Councils and are acceptable to World Bank.

AusAID funds channelled through the World Bank will be covered by the common FM arrangements for the project that meet the Bank and Government requirements, including reporting and auditing arrangements. The report prepared by the Government for the Bank will include the AusAID contribution.

Risk analysis and management

A number of risks for AusAID's involvement have been identified. Initial steps have already been taken to ensure these risks are addressed and managed both as part of the planning process as well as during implementation. Some of the major risks and a description of management strategies are as follows:

- *Diversion of funds:* A major concern of Australia has been that the GoSL could divert donor funds to use for unintended purposes and/or use donor funds to replace GoSL funds diverted to other activities. This was of particular concern during the period of conflict. At the same time, the aid effectiveness agenda increasingly promotes the channelling of donor funds through government systems. The proposed mechanism of funding the GoSL's program through a World Bank administered Trust Fund helps to mitigate and manage the risk of fund diversion. In addition, the end of the armed conflict in Sri Lanka opens the space for donors to move back towards normalised cooperation subject to normal conditions of SWAp type arrangements. In the education sector in particular the Government has been cautiously positive about moving into this arrangement, one they generally have not actively supported in any sector for many years. The close monitoring by World Bank of funds throughout the ESDFP II period should ensure that funds are not diverted for any use other than those agreed as part of the joint annual planning and monitoring processes.

- Misappropriation of funds: While the program will be implemented entirely through government systems, World Bank will have in place systems for monitoring financial transactions and procurement. In its documentation World Bank has noted that the financial management arrangements under the current ESDFP are working satisfactorily and there have been no major cases of fraud or corruption. In ESDFP II the Bank's anti-corruption guidelines and framework will be followed, and measures will be taken to strengthen financial management, particularly in some of the under performing provinces.
- Insufficient emphasis on AusAID's priorities: When AusAID first expressed an interest in supporting the ESDFP II through World Bank we noted that World Bank was proposing a major emphasis on secondary education with a notional 70% allocation for secondary compared to 30% for primary. The GoSL has also emphasised its plans to develop 1,000 secondary schools as centres of high quality education. This poses the risk for AusAID that the program could have insufficient focus on primary education to match with AusAID's global priorities. During the preparation mission considerable progress was made in this area. Australian participation in the preparation mission helped to ensure an adequate focus on basic education and access, and both the GoSL and World Bank have indicated that with increased funding from AusAID the emphasis on primary education will be strengthened. It will be important to ensure that this is reflected in the final plans for ESDFP II and in the World Bank's PAD. As part of its risk management strategy AusAID should also closely monitor the breakdown of spending and activities through the annual review and work planning process.

If AusAID's concerns are not sufficiently addressed through the PAD or subsequent negotiations process, AusAID can consider terminating its involvement in the TSEP and exploring other options for funded as set out above.

AusAID budget

Australia's indicative contribution to the ESDFP II through World Bank's TSEP would be approximately AUD\$35 million over a five year period, starting with a AUD 5 million contribution in the first year increasing in year 2, depending on performance, and beginning to scale down by the end of the program, as shown in the table below:

Financial Years	2011/12	2012/13	2013/14	2014/15	2015/16	Total
AUD	\$5 million	\$8 million	\$8 million	\$8 million	\$6 million	\$35 million

World Bank has indicated that its loan is likely to be for about US\$100 million. The Australian contribution would bring the total to \$135 million. Most of AusAID's funding would be channelled through the Trust Fund to the GoSL. However, World Bank has informally proposed that a small allocation be retained for World Bank (approximately 2%) to use for studies and research to inform program monitoring and planning. The concept is valuable but further clarification will be needed on how the mechanism would work as well as on the involvement of AusAID in deciding how the funds would be used. It should also be noted that Australia's support for education through UNICEF will continue through December 2012. This is seen as complementary funding to ensure that the necessary technical support is available to the GoSL at central and provincial levels for effective

implementation and for mainstreaming of innovative initiatives such as the CFA. Before the end of funding period for UNICEF activities an assessment should be made of whether or not this complementary funding should continue after the current agreement with UNICEF is completed. This can be done as part of the Independent Completion Report process. If funding through UNICEF is continued, the overall budget for education would be increased from the second or third year.

Resourcing within AusAID

This proposal is based on partnership with an organisation which has greater in-country sectoral and management capacity than AusAID, an approach in line with recommendations made for South Asia in the aid effectiveness review. Colombo Post will need a modest increase in human resources for internal management of the TSEP. Additional time will be needed from the Program Manager, the First Secretary and the Regional Education Adviser. AusAID's engagement in review missions may be strengthened through consultancy support by an international specialist on primary education in Sri Lanka. This will be made possible through the anticipated scale down of humanitarian programs which absorb significant EL 1 inputs, current reorganisation of O-based positions and the splitting of the A-based EL2 position in Sri Lanka which will allow for the Counsellor to engage more in overall strategic portfolio management. This represents an effective application of resources in conjunction with our funding and will help ensure a focus on equity and access as well as quality improvement in basic education. Post will also need access to advisory support on working in partner systems including PFM and procurement matters. If another option for support to education is adopted instead of or in addition to the TSEP, Post will need to assess the resource implications and make adjustments accordingly.

5. Key Issues

During the preparation mission the AusAID team worked closely with the World Bank, other DPs and the MoE to clarify the overall scope of ESDFP II and World Bank's proposed TSEP as well as the mechanisms for implementation, monitoring of financial and programmatic aspects and management of risks. During the mission progress was made in a number of areas and the team was able to identify at least partial answers to AusAID's crucial questions.

Need

While it is recognised that Sri Lanka is ahead of its South Asian neighbours in most educational indicators, there is still clearly a need to improve the quality of the system, particularly in terms of learning outcomes at the primary level, and to address disparities across geographical areas and social groups. The proposed program is being designed to address these needs and to ensure that Sri Lanka not only achieves the education MDGs and EFA goals related to quality but also makes major strides in ensuring that all children complete secondary as well as primary education and that the school system is used as a means to address disparity and to strengthen social cohesion as the nation emerges from civil conflict. This should justify a significant contribution from Australia to support GoSL's efforts and to help ensure that at least one country in South Asia does achieve the education MDGs and most of the EFA goals. The program should be able to demonstrate positive results in terms of the number of additional children who complete the primary and basic education cycles, in improved learning outcomes and in a reduction of disparities.

Focus on primary and basic education and on addressing disparities

At the beginning of the preparation mission the TSEP was envisaged as a program with a major focus on secondary education, particularly on supporting the GoSL's 1,000 secondary schools initiative. With the prospect of Australia's additional funding, there was a shift in focus to a more balanced approach, recognising the need to strengthen the effectiveness and efficiency of both the primary and the secondary levels of education. AusAID's additional funding, should it be approved will enable the program to include more activities to improve the quality and equity of primary education and inclusive education as well as on less advanced geographical areas. This will need to be confirmed as part of the appraisal process and yearly as part of the review and work planning process. AusAID is also supportive of initiatives to improve access to and the quality of secondary education, particularly in grades 6 to 9, which can be defined as part of basic education, which is a priority for Australia globally.

Scaling-up and mainstreaming

As recommended in the 2010 BESP Independent Progress Report, it is important to build on the lessons learned and the successful initiatives of BESP, which we currently support through UNICEF. Central to the project is the child friendly approach inclusive education and local level planning. One of the main reasons for moving to more direct support to the GoSL would be to ensure that BESP activities are mainstreamed and taken to scale through national implementation. During the mission it was found that the primary education branch within MoE and some of the provinces already have a strong commitment to the CFA and are planning to include it as an integral part of ESDFP II. It was agreed that the program should include provision for the adoption of the CFA in all primary schools and the primary section of 'all through' schools. It was also agreed with World Bank that participatory school planning and development models embedded within the CFA will be brought under and strengthen the Program for School Improvement framework. By partnering with the World Bank and more closely with the MoE, AusAID will be more effective in the promotion of CFA, improvements in basic education and in addressing disparities than by simply continuing support to the BESP through UNICEF. The TSEP will bring the initiatives into the mainstream system, which should yield dividends in terms of reach and of sustainability.

Monitoring arrangements

While AusAID will rely on GoSL and World Bank systems to ensure accountability, transparency and the efficient use of funds, this will be closely monitored. World Bank has undertaken assessments of the financial and procurement systems of MoE and the provinces. While some weaknesses have been identified, in general the systems were found to be sound. World Bank is planning to provide support to the GoSL to build capacity and to address weaknesses within the system. While in general it seems that World Bank will put adequate monitoring systems in place, it will be important for Post to have technical support to understand and assess how World Bank is managing the use of funds, in line with our agreement with the Bank. For this function Post will need back-up from the appropriate sections in Canberra and/or through a regional PFM adviser. For program monitoring Post will participate in regular meetings with the MoE and the World Bank and in joint annual reviews, supported by the REA and possibly a primary education consultant. Post will also be responsible to complete internal quality assurance processes based on information provided by the program.

Aid effectiveness

Starting from a base of almost no coordination between donors and reluctance on the part of the GoSL to even meet collectively with the DPs in the last few years (largely for political reasons), considerable progress back towards a jointed up approach have been made. The possibility of AusAID supporting the GoSL program directly through a World Bank Trust Fund has been a key incentive for the Government to move forward with the aid effectiveness agenda. In the preparation mission's *aide memoire* it was noted that the Ministry of Finance and Planning requested the World Bank and other DPs to integrate their support within a sector wide approach. It was agreed that the World Bank and all DPs will make every effort to align their activities with the MoE's program and to harmonise their work with each other. A system of joint quarterly meetings chaired by the Secretary of MoE and of joint annual reviews of ESDFP II was agreed. This represents a major step forward in alignment and harmonisation and is in part a result of AusAID's participation in the process and advocacy for a coordinated approach. As the GoSL has to date been very reluctant to work collectively with donors, this is a major breakthrough, and MoE is likely to be the first Ministry with a genuine sector program. This may provide the example needed for work in other sectors.

Next steps

A number of the advances reported above are still tentative. The next few months, particularly the completion of the appraisal process, will reveal how the program will actually operate and the degree to which Australia's priorities have been taken on board and owned by both the GoSL and the World Bank as evidenced through MoE's ESDFP II program document and World Bank's PAD.

Timing is now crucial. The CPR endorsement is needed for Post to take part in the appraisal mission with World Bank, scheduled for late September. It will be imperative that any outstanding issues are clarified during the appraisal process and that agreements are reflected in the joint appraisal documentation. Based on the outcomes of the mission a decision will be taken by Post in consultation with senior management in Canberra on whether or not to proceed with the internal approval process for AusAID's support to the TSEP including a recommendation on the amount of the support. Proceeding to the APR will also be contingent on WiPS being fully satisfied with World Bank's fiduciary risk and procurement capacity assessments of the GoSL's systems (including the GoSL's funding/PFM processes of the education sector). The next steps for both World Bank and AusAID, as well as how they intersect, are listed in the Engagement Plan (Annex I).

Successful negotiation of the program would mean for AusAID a major investment in the agency's flagship sector, support for a program where the education MDGs and EFA goals are likely to be met within the program timeframe, producing tangible results of AusAID's assistance, and a breakthrough in aid effectiveness in terms of donor harmonisation and alignment in Sri Lanka, setting the stage for improved relations across the sectors.

Annex I

ENGAGEMENT PLAN

1. Design Process

The Government of Sri Lanka (GoSL) is taking the lead in the design of the Second Education Sector Development Framework and Program (ESDFP II) through a consultative process within the national Ministry of Education (MoE) and with the Provincial ministries and departments. The key features of the plan were discussed with the donors during a joint preparation mission led by World Bank 13 – 24 June 2011. It is expected that the GoSL's ESDFP II draft plan will be available by the end of September 2011. Development partners (DPs), including AusAID, will have the opportunity to comment on the document before and during the appraisal mission (September-October 2011), and it is expected that the plan will be finalised before the submission of the project for approval by the World Bank Board.

2. Roles and Responsibilities

The ESDFP II will be managed and implemented at the national level by the MoE and at the provincial level by the Provincial Education Ministries (PEMs). In their role of allocating public funds to the education sector, the Ministry of Finance and Planning and the Finance Commission will also be involved in the management and monitoring of the program.

AusAID is proposing to support the program through a World Bank Trust Fund. World Bank will be responsible for financial and programmatic monitoring. Quarterly ESDFP monitoring meetings will be held under the chairmanship of the Secretary of MoE involving all the DPs supporting the program, including AusAID. Joint annual review missions will be undertaken by World Bank with the involvement of AusAID and other DPs. The DPs will also meet regularly under the leadership of World Bank.

Internally for AusAID the activity will be managed by a Senior Program Manager under the direction of the First Secretary (Development). Technical support will be provided by the Regional Education Adviser and possibly by an international consultant specialising in primary education in Sri Lanka.

3. Approval Process and Timeframe

Provisional Timeline for World Bank and AusAID Processes

	Timing	World Bank	AusAID	Comments
1.	By early June 2011	Initial discussions with GoSL, identification mission and preparation of Project Information Document (PID)	Preliminary discussions with World Bank, UNICEF and other DPs concerning future support and internal discussions	During this time AusAID was ascertaining the nature and comprehensive of the upcoming program.
2.	13-24 June	Leadership of the joint preparation mission for	Participation in the joint preparation mission by Post, REA, Regional	UNICEF, UNESCO, GIZ and Partnership for Child

	2011	the TSEP	Counsellor and one consultant on primary education	Development also participated.
3.	By early August 2011	Receipt from MoE of the draft ESDFP II plan	Preparation of Concept Document and CPR (03/08/11)	In preparation for and following the CPR Post and Desk will consult with the WiPs section, the Gender Adviser, the Environmental Adviser and others as needed.
4.	26 Sep-5 Oct 2011	Leadership of the joint appraisal mission	Participation in the joint appraisal mission by Post, REA, ETG, and one consultant on primary education. Based on the outcomes of the mission a decision will be taken by Post in consultation with senior management in Canberra on whether or not to proceed with the approval process for AusAID's support to the TSEP.	Appraisal will be of the GoSL's ESDFP II Plan which will be revised and finalised based on the mission's recommendations.
5.	By mid Oct 2011	Finalisation of the Project Appraisal Document (PAD)	Input into the PAD finalisation process	Although an internal document it is expected that World Bank will share drafts for comments with AusAID.
6.	By mid Nov 2011	Loan negotiations and approval by Board		
7.	By end Nov 2011		If agreed in principle to proceed with support for the TSEP, preparation of a DSID outlining the	It is expected that the activity will be exempted from the independent appraisal

			program and AusAID's proposed support	requirement.
8.	By mid Dec 2011	Signing of agreement with GoSL	APR	
9.	By end Jan 2012	First disbursement	Preparation and approval of FMAs 9 and 10	
10.	By end Feb 2012		Signing of agreements with World Bank and with GoSL and first disbursement	

4. Financial Management and Procurement

While implementation of the program will be through GoSL systems, World Bank will monitor financial transactions and procurement. Internal and external audit systems are in place. World Bank has committed that any donors who channel their funds through the World Bank will be covered by the common financial management arrangements for the project, which meet the Bank and GoSL requirements, including reporting and auditing arrangements. During the appraisal process the adequacy of the control systems will be further assessed and plans for strengthening these systems agreed with the GoSL. Reports prepared by the GoSL for the World Bank will include the funds of donors supporting the program through the Bank.

5. Documentation

The GoSL is in the process of preparing its draft ESDFP II plan, which will be revised and finalised following the joint appraisal mission. This will include a full budget of the overall program as well as a program framework and a results framework. An analysis of the budget should demonstrate the extent of the GoSL's commitment to the ESDFP II. If there is no increase in the domestic resources allocation for education, the issue will be taken up by World Bank and AusAID with the appropriate Ministries. World Bank, as part of its preparation for its Board approval, is preparing a description of the TSEP and a Project Appraisal Document (PAD). These documents will specify the amount of funding to be provided by World Bank and indicate other sources of funding through a Trust Fund arrangement. Post with the assistance of the REA will prepare an internal Design Summary and Implementation Document (DSID) for the Appraisal Peer Review to be considered along with the ESDFP II plan and World Bank's PAD.

6. Funding Agreement

Pending endorsement at the Concept and Appraisal Peer Reviews and final authorisation by the Minister, AusAID will sign an agreement with World Bank which will govern the use and management of Australian funding channelled through a World Bank Trust Fund. A separate agreement with the GoSL may also be needed.

Annexe II

OVERVIEW OF GENERAL EDUCATION

With a student population (Grades 1 – 13) of about 3.8 million in over 9,700 schools, performance in primary (Grades 1-5) and basic (Grades 1-9) education in Sri Lanka is positive by South Asian standards. By 2008 the net enrolment rate was 90.1% for children aged 5-9 years and 85.5% for children aged 10-14 years. A national policy of automatic promotion generates low repetition rates and high survival rates. Performance on Grade 4 national assessments of learning in first language, maths and English have improved between 2003 and 2009. These figures suggest that the EFA and MDG goals on enrolment and gender equity are close to being achieved, especially in relation to other countries in the South Asia region.

However, despite this positive picture large numbers of children are excluded from mainstream schooling, the overall quality of primary education is low and disparities in achievement between regions and language of instruction are pronounced. Disparate groups of children and young people live and learn at the margins of the mainstream general education system. These include children who never enrol in Grade 1 as well as those who drop out from Grades 1-5 and Grades 6-9. These children are most likely to be found among the poorest families living in estates, remote rural villages and urban slums or in areas where education has been disrupted by war or other disasters (e.g. tsunami and floods). Excluded groups also include orphans, street children and those with special educational needs including those with a range of more or less severe physical disabilities and mental disabilities.

Although performance is improving low quality remains a concern of the system. As can be seen in Table 1 below, over half the Grade 4 students failed to achieve mastery level in the National Assessment of Learning Outcomes conducted in 2009 in First Language (i.e. Sinhala or Tamil), Mathematics and English. The assessments are based on a series of competencies set out within the National Curriculum for each subject. Students are deemed to have attained ‘mastery’ if they achieve 80% of those competencies. Competency mastery is assumed by curriculum developers to be a necessary condition for progression to higher levels of the curriculum.

It is clear that the majority of the students are achieving below the expected level. A large number of students fail to achieve even 50% marks on the assessments, showing very low levels of attainment. In First Language 17% of the students fail to achieve over 50% marks, while in Mathematics it is 18% and in English an astonishing 42%. It is clear that the foundations for progression to the Grade 5 curriculum and thereafter are weak. This has major implications for the work that needs to be done for improvement at the primary level and for the students’ prospects as they progress to the secondary level. Achievement in all these subjects is key for success in later stages of schooling.

Table 1 National Assessment of Learning Outcomes, Grade 4 (2009)

Province	Percentage of Students Failing to Achieve Mastery (>80%)			Percentage of Students Failing to Achieve over 50%		
	First Language	Mathematics	English	First Language	Mathematics	English
Western	43	40	69	14	14	16
Central	59	57	88	22	23	44
Southern	51	43	78	14	15	38
N-Western	42	39	79	13	14	33
Northern	51	55	84	16	21	55
Eastern	67	63	91	26	30	58
N-Central	58	45	87	17	18	49
Uva	64	53	89	10	19	48
Sabaragamuwa	49	42	80	14	13	36
Sri Lanka	52	47	81	17	18	42

Note: The highlighted boxes show:

- Provinces in which more than 50% of students failed to achieve mastery in First Language and Mathematics
- Provinces in which more than 80% of students failed to achieve mastery in English
- Provinces in which more than 20% of the students failed to achieve 50% marks in First Language and Mathematics
- Provinces in which more than 40% of students failed to achieve 50% marks in English.

Table 2, in Annex 2, shows that as a whole, 52% of Sri Lanka's children are failing to achieve mastery of their first language, 47% fail to achieve mastery of maths and 81% fail to achieve mastery of English.

Table 1 also highlights the striking Provincial disparities in Grade 4 achievement. In five Provinces more than 50% of students failed to achieve mastery in First Language, while in Mathematics it was four Provinces, and in English over 80% failed to achieve mastery in five Provinces. In two provinces over 20% of students failed to achieve 50% marks in First Language, while in Mathematics in was three, and in English over 40% of students failed to achieve 50% marks in five provinces. The highlighted boxes show the districts with the highest percentage of students not achieving mastery or 50% marks in each subject in comparison with other districts. Achievement is clearly lowest in Central, Eastern, Northern and Uva Provinces. Education in the Eastern and Northern provinces has been severely disrupted by war and the tsunami in recent years and the Central and Uva provinces comprise large proportions of Tamil-medium estate schools which historically have lagged behind national level norms of achievement. Survival rates are also the lowest in the Northern and Eastern Provinces.

It should be noted that the Grade 4 assessments were undertaken near the end of the civil war, during which time education parts of the Eastern and Northern provinces was severely disrupted, and it was not possible to conduct the assessments in the most severely affected areas. A March 2010 UNICEF supported criteria-based learning assessment of 109,000 displaced Northern and Eastern Province students (Grades 3-9) in Tamil and Mathematics

revealed the following when compared to a reference group of non-displaced students from Eastern Province:

- Students in Northern Province who were still in the IDP camps at the time of the assessment, or in schools which had been evacuated and subsequently restarted, showed an overall level of learning deficit of about three years.
- Students in Northern Province who had been displaced, but found places in schools which had continued to function normally, showed about half this level of learning deficit (1.5 years).

Other problems include inefficient teacher deployment, insufficient training of teachers, poor sanitation facilities and the inefficient use of resources.

World Bank has recently conducted a sectoral review of education in Sri Lanka. While the report has not yet been publicly published (due mid-August), the findings have informed the Bank's planning of their support to the next phase of ESDFP through the TSEP and are attached as a draft under an agreement to hold the information as confidential to the Agency prior to its public release.

An analysis of the situation indicates that, despite its achievements, there are still substantial gaps in the education sector in Sri Lanka. Besides getting the remaining children into and through school and helping conflict affect students catch up with their schooling, it is essential to improve the overall quality of education at every level, starting from primary, in order to build a strong nation economically and socially and to address disparities across