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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

December 18, 1995

H.E. Phimmasone
Minister of Education
Ministry of Education
Vientiane
LAO PDR

Excellency:

**LAO PDR: EDUCATION DEVELOPMENT PROJECT (CR. 2488-LA)
NOVEMBER 1995 IMPLEMENTATION REVIEW MISSION**

Let me start by thanking you for your direct support in helping to resolve recent problems related to the special account and for your continued readiness to support the Project Support Unit (PSU) to strengthen the implementation of this important though complex project.

I am pleased to note the steady progress on the Education Development Project. Attached is the aide-memoire which I have reviewed and endorsed.

The most urgent issue facing the MOE is the coordination and coherence of the large number of project activities underway and their likely impact on overall implementation. I understand that you are currently discussing possible structural changes in the MOE and PSU to accommodate these projects. Please do not hesitate to let us know if there is anything we can do to assist you with this coordination.

Now that the issue of the foreign exchange loss on the CHF Special Account has been resolved, I hope that you will soon resolve the lags between the funds sent by the Swiss National Bank and their receipt by BCEL and this should eliminate cash flow problems affecting the project.

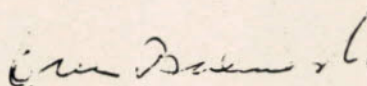
The textbook development program is about to begin its new phase, with a program of evaluation to begin preparing for the next round of curriculum revisions after 1999. Our main concern in this component is the high costs of the teacher orientation program, as the mission discussed with you in June 1995. We look forward to receiving a proposal from the PSU for cost reduction/cost sharing with Government, which the Bank and SDC will discuss during the next mission.

The primary school construction program is making good progress. The mission gave favorable reports about their visit to one of the first contractor-built schools, and we are pleased that this aspect of the construction program will continue. We also welcome the willingness of ECS to further incorporate design modifications and, to the extent possible, appropriate technologies. This ongoing development of the school model and of the role of the community are essential in preparing for school building in more remote areas.

We have tentatively scheduled the next review to take place in June 1996 and we hope that this will be a joint review with the ADB. In closing, please convey our sincere thanks to the staff of the MOE for their contributions to the mission's work, for the field trips which were planned to give the mission a view of the real situation in schools, and for the cooperation and hospitality extended to the mission.

With best regards,

Sincerely yours,



Sven Burmester
Chief

Human Resources Operations Division
Country Department 1
East Asia and Pacific Region

cc: Mme. Khempheng Pholsena, Vice President, CPC

Mr. Holady Volarath, Deputy Director, Foreign Currency Department, MOF

Mr. Uli Lutz, SDC, Berne

Ms. Elizabeth Diethelm, SDC, Bangkok

Mr. Bounthavy Insisienmay, Project Director, Education Development Project

December 18, 1995

cc: Messrs./Mmes. Madavo, Farhandi, McCleary (EA1DR); Koeberle, Hall (EA1CO); El-Erian (LEGEA); Khoury, de Jesus (LOAAS); Lutz, (SDC-Switzerland), Diethelm (SDC-Bangkok); Guinard, Nielsen (EA1TH); Hermansen (Royal Ministry of Foreign Affairs, Oslo, Norway); Kagia (EA1HR); Schneider (Lao PDR Liaison Office); Szabo, Welter (Consultants); Asia Information Center; Divisional Files; Chron

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LAO PDR
EDUCATION DEVELOPMENT PROJECT (Credit 2488-LA)

November 1995 - Implementation Review Mission

Aide-memoire

November 29, 1995

1. This aide-memoire records the findings and recommendations of a joint IDA/SDC review mission conducted between November 21-29, 1995. The IDA team comprised Ms. Sue Szabo (Economist, consultant) and Mr. Rene Welter (Architect, consultant). Ms. Louisa Hoyt (Programme Officer, SDC Bangkok) and Ms. Elizabeth Diethelm (SDC Coordinator, SDC Bangkok) participated in part of the mission on behalf of SDC. The mission met with project implementation staff of the Ministry of Education (MOE). The mission also visited two schools to observe the use of textbooks in the classrooms, and visited one of the pilot schools being built by a contractor with community participation. The mission would like to express its appreciation to the officials of the MOE, and those of the schools visited, for their cooperation, assistance, and hospitality.

A. OVERVIEW OF KEY ISSUES

2. The most important issue which needs to be resolved by the MOE is the coordination and coherence of the large number of project activities underway. In addition to EDP, these include assistance from ADB on (a) the ongoing EQIP project, (b) the recently signed NUOL project, (c) TA to prepare a private education project and (d) TA which will shortly arrive for a preparatory study on women in education. UNICEF and GTZ also have significant programs in the sector, and other bilaterals and NGOs fund a variety of activities. Government is currently considering how the MOE might be restructured in order to adequately staff and manage the activities represented by these various projects, which show little coordination from the donor side. The Education Development Project is affected by this plethora of activities, because it seeks to strengthen key departments of the MOE, such as Statistics and Planning (SPU), Finance (DOF), and Personnel (DOP).

3. In terms of project activities, difficulties were experienced in September and October because of replenishment delays pending the resolution of the foreign exchange loss (para.10), which coincided with lags in reconciling the teacher workshop expenditures. With the exchange issue resolved, there are no further cash flow problems anticipated. What will be required is smaller and more frequent replenishment applications during each October-December period, to take account of the teacher workshops. Delays were also experienced as the Norwegian grant fund had inadvertently not been replenished. In addition, the PSU/DOF still needs to follow up on why there is a lag between funds sent by the Swiss National Bank and their receipt by BCEL.

4. During the June 1995 mission, the Minister assured the mission that the Government will assume a larger share of the costs each year for the teacher orientation course, and/or develop more cost effective means for its delivery. The Grade 2 workshops (August 1995) cost almost

more cost effective means for its delivery. The Grade 2 workshops (August 1995) cost almost \$623,000, compared to about \$504,000 for the Grade 1 workshops. If similar rates are used, the Grades 3 and 6 workshops planned for 1996 will cost in the order of \$600,000. *The mission notes that the full costs for future workshops will not be automatically eligible for reimbursement, and advises the DGE to prepare a proposal for cost reduction/sharing, which should be sent to the Bank and SDC before the next mission.*

5. The primary school construction program is making progress. The first four contractor-built schools are nearing completion, and the mission feels that CARE has completed a good study on community participation in school construction. It has been agreed that the contractor-built pilots will continue and in parallel, work would continue to incorporate design modifications and, to the extent possible, appropriate technologies. This ongoing development of the school model and of the role of the community are particularly needed to prepare for school building in more remote areas. The Steering Committee on Education Projects (SCEP) has recently decided that, rather than a strict division of the construction budget, approaches to school construction would be considered on the basis of their appropriateness to the various situations in Lao PDR. The continued commitment of MOE/ECS staff will be needed in order to further develop school construction processes which incorporate community participation.

6. A concern shared by many of the project IUs is the generality of consultants' reports, which do not provide sufficiently explicit "next steps". The mission recommends that TORs for consultants define such a requirement, and perhaps require a draft mid-term report so that the IU/PSU can ensure that the report meets expectations. The mission also suggests that the revised TORs for the project advisor strengthen the responsibility for reviewing consultants' draft reports and following up on any suggested modifications.

B. REVIEW OF PROJECT COMPONENTS

Overall Project Management and Coordination

7. *PSU and Project advisor.* The workload of the PSU continues to be a serious concern. The MOE is currently considering how to restructure the PSU to handle the increasing number of projects. The role of the PSU is likely to focus more on coordination, and the proposed staffing is a director, one full-time deputy, 2 office managers, a procurement specialist, 2 secretaries, and an accountant (a retired staff member of the DOF has been hired by the PSU to handle project accounting matters. Mr. Tharumalingam's contract has been extended, to assist with accounting at the MOE level). The project advisor for EDP would also be located in the PSU. *The mission recommends that, to support the functions of the PSU, the revised TORs of the project advisor assign greater responsibility for (a) coordination between IUs, on key project activities such as evaluation (paras.24,4-4), and community participation in school construction (paras.34, 43), and, (b) quality control of consultant TORs and reports (para.6).*

8. The project team also requests that the Bank seek to issue "no objections" more promptly.

9. **Counterpart funds.** The 1995/96 MOE budget has been submitted to the MOF. The project reports that there have been few difficulties in receiving counterpart funds for project activities, although some of the recurrent cost funding has come with a lag.
10. **Procurement.** The project has identified regional TA to provide full-time procurement assistance to the PSU. In addition, one staff from IMU will handle textbook procurement. The contract of the UNV, Mr. Kesheva, was not extended.
11. **Disbursements.** As of November 16, 1995, about one-third of the way into the project, overall disbursement is about US\$4.72 million. Disbursement on the IDA account is about US\$1.98 million equivalent (9.6% of original amount); SDC about US\$2.02 million equivalent (15.2% of original amount); and the Norwegian Grant about US\$727,502 equivalent (21.5% of original amount). The issue of the foreign exchange loss from the incorrect opening of the Swiss account was reconsidered by the Bank's Disbursement Office, and the project was notified that the loss of approximately \$50,000 would have to be refunded by the Government into the special account. While this was being resolved, the Bank did not proceed with two replenishment applications, which was one factor leading to some delays in project activities. The funds were subsequently paid in by Government in September 1995, and replenishment #4 was made.
12. Two MOE staff members participated in the Bank's Disbursement Seminar, held in November 1995. The seminar, and the materials provided, were felt to be useful.
13. **Audits** (Art.IV, section 4.01(ii)). The first audit report, covering the period December 23, 1993 (effectiveness) to Sept. 30, 1994, was received by IDA shortly after the due date of June 30, 1995, and so the project is in compliance with this covenant. The next audit, covering the period Oct.1, 1994 to Sept. 30, 1995, is due by June 30, 1996.
14. Reporting requirements (Sch.4(8)). A draft of Semester Report No. 5, covering the period 16 April - 15 Oct. 1995, was presented to the mission. The mission was also given a draft program budget and work plans for FY96 (Oct.1, 1995 - Sept. 30, 1996).

Component A. Curriculum Development and Pedagogical Support.

15. **Overview.** The textbook development program of RIES is nearing the end of the curriculum revision stage, and the next phase of activities will focus on evaluation and further development and trials of the Instructional Materials (IM) kits. An editor has been appointed from among the staff of RIES, and he was recently in Thailand for a one-month training course. He and other RIES staff will have further training in Thailand in early 1996. There has been considerable training for RIES staff, mostly short term courses held in Thailand, and further local/regional training and study tours have been planned for 1996. The coordination between RIES, DGE and IMU has improved, partly through the assistance of Dr. Thongchai, but still needs further strengthening. *The mission recommends that the TA of Dr. Thongchai be extended for a further year.*

16. *Teacher orientation.* The teacher orientation course for Gr.2 went more smoothly than last year's Gr.1 orientation, because the training packages had been prepared beforehand. For the Gr.3 workshops in August 1996, it is planned to also invite school principals, so that they will understand the new curriculum and be able to support their staff in its implementation. This should not greatly increase the numbers attending the workshops, as there could be a decrease in the numbers of provincial and district officials attending. The missions's observations on the costs of these workshops was discussed in para.4.

17. *Textbook development.* The next grade in the primary school curriculum (Gr.3) and the first grade of lower secondary (Gr.6) are in the process of having camera-ready copy (CRC) completed. About 19 companies have already bought the ICB bid documents for the printing of 323,000 Gr.3 texts (2 titles) and 34,800 teacher guides, and 363,500 Gr.6 texts (6 titles) and 11,500 teacher guides. Bids are to be opened on November 29. The bid documents contained a mistake in specifying the page size of teacher guides. The project proposed to determine the lowest evaluated bidder in the current bids, and develop with that bidder a reasonable price modification for the increased page size. The mission advises that when the documents on award of contract are sent to the Bank for "no objection", that the modifications are fully explained.

18. The mission was shown the CRC for the Gr.3 texts and notes that RIES has been successful in ensuring that there is much less crowding on each page, which was a shortcoming of the Gr.1 texts. Overall, the current textbook development schedule has allowed for better mini-trials and executive reviews than for the earlier grades.

19. The 323,000 texts to be printed for Gr.3 is an increase over the 280,000 printed for each of Grs. 1 and 2. This increase is necessary because of increased numbers of students, as estimated by SPU. The PSU should consider the implications of these enrolment estimates on teaching staff requirements, in light of the proposal by DOP to decrease the proportion of teaching staff as a total of education sector personnel (para.45).

20. The project estimates that there will be a shortfall in funds required for textbook printing. Given the wide variations in the printing costs on which this estimated shortfall is based, the mission recommends that this issue be monitored, but that reallocations are not required before total costs are known with greater certainty.

21. Grades 4,5,7,8. The manuscripts for the remaining primary (4,5) and lower secondary (7,8) grades have been completed. These have required the use of external writers, whose work has been satisfactory. RIES played an important role in quality control by explaining curriculum needs and guidelines to the external writers in a preparatory workshop. RIES is planning a one-month workshop (December 1995) for proofreading the texts with the external writers. The mission reviewed the ICB tender documents for these grades, and they will shortly be sent to the Bank for review and clearance.

22. **CRC.** The same local company which prepared the CRC for earlier grades will also do so for Gr.4,5,7,8. In principle, it had been agreed that the CRC Unit would move from IMU to RIES, though to date this has not happened. Given the satisfactory experience with contracting out the CRC, RIES should consider whether priority should be given to developing in-house expertise in areas other than CRC.

23. **Instructional materials development.** RIES has finished the design work for the IM kits for grades 1, 2, and 3. They are preparing to locally produce about 100 kits for trial in schools in Vientiane Prefecture and province, and in another nearby province.

24. **Evaluation.** RIES's evaluation of Gr.1 and 2 texts will begin with a workshop in January 1996. One evaluation team was already sent to Thailand for training, and a Thai consultant will come for the workshop to help develop evaluation tools, sample sizes, etc. The Evaluation Team is likely to consist of about 12 people, including the Evaluation Section of RIES, the primary curriculum developers, and perhaps some representatives of other MOE departments. *The mission feels that the full participation of SPU is particularly critical, and recommends that the PSU assist in coordinating the collaboration of RIES and SPU on evaluation, beginning with SPU's participation in the January workshop.* This is important given the slow progress on the AEO subcomponent in SPU, and participation is also expected to strengthen SPU's ability to direct and manage future TA planned for AEO.

25. A complete and budgeted evaluation program for all grades has been developed by RIES. It includes two national seminars (in 1997 and 1999) to present results and develop directions for further curriculum revision.

26. **Pedagogical advisors.** The course for the 40 PA trainers was again delayed due to budget reasons. It is currently set to begin in December, 1995. There has been agreement in principle to extend the contract of ZBS (Oggenfuss and Diebolt) for one year, for assistance to the DGE on PAs and school networks.

27. **District training equipment.** The mission was presented with a proposal for equipment to support teacher and administrator workshops at the district and provincial levels. The mission supports the proposal to purchase minimum equipment for the next set of workshops (chalkboard, drawing/writing kit, typewriter, mimeograph, amplifier), for those district offices not already equipped. Up to \$200,000 would be reallocated from SAR table 11, to table 4. However, the mission feels that the expanded list should be reconsidered. Some of the equipment (particularly TVs and VCRs) would only be used infrequently, and would need proper maintenance and security. Given the estimated cost of \$100,000 for this equipment, and the availability of rental equipment, it is likely to be more cost-effective to proceed on a needs-based rental of this equipment.

28. **Rehabilitation of RIES Building.** Opening of limited ICB bids took place on June 19, 1995. Four bids were received (3 local and 1 from China) and the contract was awarded to a

Lao contractor for the amount of US\$233,807. Construction started in mid-August 1995, with a completion date set for mid-April 1996.

Component B. School Infrastructure.

Primary Schools

29. *Contractor-built Schools: Phase 1.* The first four schools, making up the initial phase of a pilot program of schools built by contractors with some participation on the part of the communities, are nearing completion. Three schools were built using prototype #1 (5 classrooms for 40 students) and one school according to prototype #3 (3 classrooms for 32 students). For these schools, separate contracts were signed with local contractors and with community leaders (district and village) to specify legally the contribution of the communities. Average cost per m² of construction was US\$113.

30. The mission together with MOE visited the school (prototype #1) at Houa Xieng, Saytsani District, Vientiane Prefecture. Construction was found to be well executed, design and choice of materials appear to be good and of a quality to last 25 years with proper maintenance. A few roofing details of the prototype will need to be revised since they would present assembly difficulties to the average builder/contractor particularly when replicated in distant locations. While the sanitary block is well done, reservations remain (as stated in the previous aide-memoire) that the number of toilets is insufficient. A proper evaluation will not be possible until the schools are completed, have been in use for some time and the building components (roofing in particular) have undergone one rainy season, but the overall impression based on the visit was very positive. One should not overlook the reaction of the community which has shown its full commitment to the school through its participation and obvious delight at the result, judging from the warm welcome and hospitality accorded to the visitors.

31. *Contractor-built Schools: Phase 2.* Specifications and bidding documents have been prepared and tendered for 9 primary schools in 4 provinces (Luang Namtha, Luang Prabang, Saravanh and Savannakhet). Unit costs per m² vary from US\$113-152, based directly on distance factors and roads, affecting transport of materials. The recent devaluation of the Kip (from 720 to 930 per US\$) is also another cost factor.

32. *Study on Community Participation.* This study was awarded to CARE, which carried out the field work in July-August 1995. A great deal of work has gone into preparing the report. It surveyed a number of schools, and points out that schools built *only* by communities would not meet the MOE's standards of durability. The study also proposed an alternative system of construction by components of the building (foundation/floor, walls, structure and roofing) using "appropriate technology". The report includes a thorough analysis of construction methods, materials used with costs of the different types of schools, together with a description and extent of community participation in each of the schools visited.

33. The report makes several recommendations, including: (a) modifications of the basic ECS school designs and sanitary blocks; (b) modifications of building components of contractor built schools to include appropriate technology methods and materials, and (c) making community participation a priority. The ECS has already begun to study these recommendations, and to follow up where appropriate.

34. The issue of community motivation -- how to find it, and how to develop it -- was discussed at length with ECS, and during the meeting with CARE. The mission feels that at this time, tapping the knowledge of district and provincial officials should be sufficient to assist ECS in choosing communities which have good leadership and are motivated to participate in the construction of their schools. SPU also can contribute information from its microplanning questionnaires (para.42). As the construction program progresses, it will need to work in villages where conditions are more difficult, and there may be less upfront motivation. Project staff should therefore begin to consider methods of how to mobilize and organize community participation in school construction, for example, through the development of model schools, or by contracting NGOs for short term technical assistance to provide training to the PUCAs, teachers, district level education officials, and villagers in community based methods.

35. *Next Steps.* The objectives in this component -- meeting the pressing needs for school facilities, and developing appropriate models with which the ECS can continue in a national school building program -- clearly involve some trade-offs. It has therefore been agreed that the ECS will continue with the program of contractor built schools. At the same time, the CARE report is one further input that can assist ESC to continue simplifying and lowering the costs of schools. This ongoing work to refine the school building program will become increasingly important, as school construction begins in more remote areas.

36. *Lower Secondary Schools.* Designs for lower secondary schools, prototype #1 (5 classrooms with 40 students), and prototype #2 (6 classrooms with 40 students) were completed and approved by the Design Option Review Group and submitted to the Bank in mid-July 1995. These have been reviewed by the mission and found to be acceptable. There has been minor reductions of areas to the designs as requested during the previous mission, and they should therefore be approved for further preparation of tendering drawings. However, further reductions in covered areas should still be studied in future designs as well as single story solutions for both LSS types in areas where land is not at a premium and where such solutions would result in structural cost savings.

37. *Provincial and District Education Services.* Designs for these facilities have also been sent for review and approval to the Bank at the same time as the lower secondary schools. These have also been reviewed by the mission and found to be acceptable.

38. *Civil Works Contracts through LCB.* The present ceiling stipulated in the DCA for civil works is US\$70,000. The MOE through MOF will shortly request IDA to raise this limit to US\$300,000. Since many contracts, particularly for the lower secondary schools and other

facilities included under the project, are expected to go beyond the present limit, the mission considers this request to be justified.

Component C. Sector Planning, Monitoring and Evaluation

39. The Statistics and Planning Unit (SPU) of the MOE continues to face considerable challenges. The planning function of the unit requires that it is closely associated with the various externally funded projects in the MOE (para.2), in addition to coordinating with both the various MOE Departments as well as provincial, district, and school levels. One staff member of SPU has been transferred to the Private Education Department of the MOE, leaving only 7 staff remaining. At present, a considerable amount of time seems to be spent on preparing reports -- quarterly, semi-annually, and annually. SPU may wish to explore whether some of these reports can be consolidated or eliminated, to free up time for other activities.

40. The SPU continues to progress on the development of statistical data. The Annual Bulletins for 1991/92 and 1992/93 have been published, the 1993/94 Bulletin should be printed within the next 6 months, and data input is underway for the 1994/95 Bulletin. The Unit is currently testing a new LAN, which would make data input more efficient. There has also been considerable short-term training activities.

41. On school registers, the mission suggested that SPU develop a proposal for low-cost registers. A reallocation could be made to support the printing of teacher registers from project funds. However, to address issues of sustainability, project funding would need to be shared with Government funding, and be on a declining basis.

42. In addition to the Annual Bulletin, the SPU plans to put out a publication on educational indicators every 2 years, and on school mapping every 5 years. The first step is to have further training on microplanning for provincial and district staff, in order to better understand catchment areas, physical quality of schools, materials availability, etc. *This training should be coordinated with that of the DOP on personnel management (para.45), to avoid overlap and to develop a more detailed understanding of the job functions required at the provincial and district levels.*

43. **Microplanning.** The SPU plans to complete the work on microplanning, including school mapping, within the next 6 months. School mapping will be an important tool to help in choosing sites for new school construction. However, as also discussed in para.33, the technical analysis of school needs must be carried out in conjunction with an assessment of community motivation. This needs to involve the provincial and district level officials, who have an understanding of the villages in their area. This is particularly the case of the district, which will be in charge of sending microplanning questionnaires to each school in its area. The questionnaire also contains information on the contributions to schools by communities, private firms, etc., which can be another indicator for assessing community demand for education. *The information gathered by SPU from the microplanning questionnaires should feed into the*

construction program being planned by ECS. SPU may also be able to help ECS assess capacity at the district level, on the basis of the completeness of questionnaires.

44. The planning and educational assessment functions of the SPU have not progressed in the same degree as the statistics side. One difficulty has been the generality of the consultants' reports, as discussed in para.6 above. However, conceptualizing its evaluation role would also be easier if there were greater participation in ongoing activities, such as the planned textbook evaluation (para.23). The mission recommends that SPU play a full role in those evaluations. In terms of macro-planning, it is not clear that SPU would benefit from further TA at this time. What may be more critical is the implementation of the coordination and teamwork which the Working Groups were supposed to promote. The mission has recommended that this might be enhanced by increasing the responsibilities of the PSU, perhaps through the project advisor, to promote coordination on key project activities (para.7). An additional point is that CPC has proposed that each Ministry should have a Dept. of Planning; this would imply raising the SPU from its current status as a unit in the Cabinet.

Component D. Educational Administration and Management.

45. A recent provisional decision of the Minister (Nov. 1995) opens the possibility for a reallocation of education sector staff, as well as a redefinition of functional responsibilities at the provincial and district level. A proposal for staff reallocation suggests an increase in provincial staff (to 30-35 staff, from the current 20-25) and district staff (to maximum 20 staff, from the current 12-15 staff). There would be a parallel reduction in the number of teaching staff, in order to keep the total number of education sector personnel roughly constant. Should this proposal be implemented in all 17 provinces, 1 special region and 133 districts, it would require the elimination of approximately 845 teaching jobs, at a time when enrolments appear to be increasing (para.18). The mission seeks clarification about the tasks which the new administrative staff would perform. *The mission recommends that the DOP consult with the SPU and DGE about the latest enrolment projections and teacher requirements, and proceeds with any staff reallocations on a pilot basis.*

46. Further consultant inputs have been provided for this component, with Mr. Teera assisting the DOP with the preparation of a training program for school administrators. There is no indication yet from Mr. Dhersigny whether he will be able to provide further TA in 1996. The work in the component can nevertheless continue with Mr. Teera expected to return between Jan-April 1996. The DOP has prepared questionnaires for data collection at the school, district, province, and central MOE levels, and questionnaires have been completed at 10 schools in the Vientiane area. One purpose of data collection is to determine training needs for personnel managers, including school principals. *It is important that the training needs assessment be fully coordinated with the ongoing work on microplanning, the school principals network and pedagogical advisors.*

47. *Accounting system.* The local consultants have completed a draft accounting set-up for MOE, and MOF has agreed that MOE can implement the new system. It will allow for more

detailed management data to be compiled for MOE, while satisfying the requirement that MOE reports to MOF follow the same format as that of other Ministries. Implementation faces two challenges: (a) the number of units for which MOE is responsible will expand as the NUOL project brings in schools formerly belonging to other Ministries; and (b) there is generally low capacity at the provincial levels for the implementation of a more complex accounting system. Already, there are lags of up to six months for expenditure reports from the provinces. The mission recommends that DOF proceed with further development of the new system, and its implementation at the central level and in three other provinces, reallocating some funds from international to local TA for this purpose. Funds for international TA will still be needed for further development of the MOE financial management system, including strengthening linkages with the provincial and district levels.

48. The timeliness of the expenditure reports on the teacher orientation workshops may improve with a proposed MOE Decree, currently under discussion by the SCEP. The proposed Decree would allow the MOE to assign responsibility and accountability to provincial (or other level) staff to monitor expenditures and to provide reports. Further training may be needed so that the persons assigned understand the standard report formats prepared by the DOF.

49. *Rehabilitation of MOE Buildings and Grounds.* Work was completed on the main building in August 1995, at a cost of US\$119,000. Simultaneously, rehabilitation work was carried out on a colonial house within the MOE compound but financed out of the National budget and housing the Personnel Services of the Ministry. Since then, external works financed also by the Government have proceeded and are nearing completion. These include parking facilities (open and covered), landscaping and exterior lighting. All of these works are contributing to a fine environment, internal as well as external, and the overall outcome is successful.

Next Implementation Review Mission

50. It is proposed that the next review mission be conducted around June 1996. As discussed in the last aide-memoire, the June 1996 mission is expected to involve a joint review with the ADB EQIP project. The next mission will also discuss more specific plans for the SDC independent evaluation (Dec.1996), to be followed by the mid-term review in early 1997.