

CLASSIFICATION:

AID 1120-1 (8-88) PAAD DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT PROGRAM ASSISTANCE APPROVAL DOCUMENT	1. PAAD NO.	673-T-601A
		673-0003 673-K-601
	2. COUNTRY	Namibia
	3. CATEGORY	Non Project Sector Assistance: Cash Transfer
	4. DATE	March 21, 1991
5. TO:	6. OYB CHANGE NO.	Not Applicable
Scott M. Spangler Assistant Administrator for Africa	7. OYB INCREASE	Not Applicable
8. FROM:	TO BE TAKEN FROM:	
Timothy J. Bork Director, AFR/ED		
9. APPROVAL REQUESTED FOR COMMITMENT OF:	10. APPROPRIATION - ALLOTMENT	
\$ 16,000,000	BPC GSS1-91-31673-KG39 (673-T-601A) BPC GESO-91-31673-KG31 (673-K-601)	
11. TYPE FUNDING	12. LOCAL CURRENCY ARRANGEMENT	13. ESTIMATED DELIVERY PERIOD
<input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT <input type="checkbox"/> INFORMAL <input type="checkbox"/> FORMAL <input checked="" type="checkbox"/> NONE		3/91 - 3/96
14. TRANSACTION ELIGIBILITY DATE		15. COMMODITIES FINANCED
Upon Satisfaction of C.P.'s		Not Applicable

16. PERMITTED SOURCE	17. ESTIMATED SOURCE
U.S. only:	U.S.:
Limited F.W.:	Industrialized Countries:
Free World:	Local:
Cash: \$16,000,000	Other:
	Not Applicable

18. SUMMARY DESCRIPTION

The purpose of the Namibia Basic Education Reform program is to establish an effective, efficient, and sustainable basic education system accessible to all Namibian children. The Program will accomplish four objectives: an improvement in the quality of Namibia's basic education system; an increase in the quality and supply of basic education textbooks and other instructional material; establishment of a rational and equitable financial resource base for the sustainable delivery of quality educational services; and enhancement of the institutional and senior professional capacity of Namibian educators to plan and manage an improved basic education system. The GON will undertake policy reforms and other actions to accomplish these objectives.

The attached PAAD fully justifies a \$44.0 million program, consisting of \$35.0 million in cash disbursements, \$.5 million in project assistance [authorized separately], and an \$8.5 million GON contribution. Of this amount, this PAAD facesheet authorizes \$16 million in cash [\$10 million of FY 90 ESF and \$6 million

(SEE CONTINUATION)

19. CLEARANCES	20. ACTION
AFR/DP: M Bonner <i>[Signature]</i> 3/21/91	<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
AFR/SA: L Dean <i>[Signature]</i> 3/21/91	<i>[Signature]</i> 3/21/91 AUTHORIZED SIGNATURE DATE Assistant Administrator for Africa TITLE
AFR/TR: R Cobb <i>[Signature]</i> 3/21/91	
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DAA/AFR: E Saisers <i>[Signature]</i> 3/21/91	

CLASSIFICATION:

SUMMARY DESCRIPTION CONTINUATION

of FY 91 DFA Funds].

The \$35 million will be disbursed in 6 annual tranches, after satisfaction of the conditions precedent contained in section VI of the PAAD. The \$16 million hereby authorized will be disbursed in two annual tranches, of \$10 million and \$6 million.

Because Namibia is a member of the Rand Monetary Union and does not manage its own foreign exchange, this program will be exempt from the separate account requirements of Sec. 575[b][1] of the FY 1991 Foreign Assistance Appropriations Act. Congress was notified of A.I.D.'s intent to allow this exemption via the normal CN process as permitted by Sec. 575[b][4].

There will not be a local currency generation or deposit.



Namibia Basic Education Reform Program
Program Assistance Approval Document

Action Memorandum.
Program Assistance Authorization.
Project Assistance Authorization.
Project Data Sheet.

Table of Contents.

	<u>Page No.</u>
I. <u>Summary and Recommendations.</u>	
A. Recommendation.	1
B. Grantee.	1
C. Program Summary.	1
D. Summary Program Budget.	4
II. <u>The Macroeconomic Setting.</u>	4
A. Background.	4
B. The External Sector.	8
C. The Government Sector.	9
III. <u>The Analytical Framework.</u>	10
A. Program Identification and Description.	10
1. Background.	10
2. The Program Objective.	12
3. Constraints Analysis.	12
4. Detailed Program Description.	18
a. Program Strategy.	18
b. Program Activities.	19
c. Project Activities.	23
5. Assumptions Analysis.	25
B. Anticipated Program Impact.	26
IV. <u>Major Analyses.</u>	28
A. Economic Analysis Summary.	28
B. Socio-Cultural Analysis.	30
C. Political Analysis.	33
D. Institutional Analysis.	34
E. Administrative Analysis.	37
F. Financial Assessment Summary.	39
G. Initial Environmental Examination	40
V. <u>Program Implementation Arrangements.</u>	40

~~2~~
3

A.	Justification for Non-Project and Project Assistance.	40
B.	Implementing the Policy Agenda.	41
C.	Dollar Disbursement Management.	43
D.	Local Currency Management.	46
E.	Monitoring and Evaluation Arrangements.	49
F.	Supporting Project Assistance.	53
G.	Exchange Rate Arrangements.	53
H.	Donor Coordination.	54

VI. Conditions, Covenants and Status of Negotiations.

A.	Conditions.	56
	1. First Tranche Conditions Precedent. (LOI+)	
	2. Second Tranche Conditions Precedent.	
B.	Covenant.	57
C.	Negotiating Status.	57

Attachments:

A.	The Policy Matrix
B.	The Logical Framework
C.	IEE
D.	Letters of Request.
E.	Basic Education in Namibia, Sector Review.
F.	Economic Analysis.
G.	Macroeconomic Tables.
H.	Socio-Cultural Analysis.
I.	Political Analysis.
J.	Institutional Analysis.
K.	Statutory Checklists.
L.	Action Memorandum: General Financial Assessment. Government Expenditure in Namibia, an Aide-Memoire prepared for the International Monetary Fund.*
M.	Action Memorandum: 575(b)(1) Exemption.
N.	Action Memorandum: Waiver of Exchange Rate Policy.
O.	Program Financial Plan Tables.
P.	DFA Procurement Plan and Payment Verification Certification.

*Held in the Official Files Only.

Namibia Basic Education Reform Program

I. Summary and Recommendations.

A. Recommendation. USAID/Windhoek recommends that the Namibia Basic Education Reform Program (673-0003) and its Basic Education Support Project (673-0006) be approved for initial authorization and obligation.

The policy reform program will require authorizations and obligations totalling \$35,000,000 of which \$16,000,000 will be authorized and obligated in FY 1991. The remaining \$19,000,000 will be incrementally authorized and obligated subject to normal A.I.D. funds allocation and availability decisions, and subject to demonstrable progress by the Government of Namibia (GON) in implementing the reform program. The \$16,000,000 to be authorized and obligated in FY 1991 consist of \$10,000,000 of FY 1990 ESF appropriations and \$6,000,000 of FY 1991 DFA appropriations. USAID/Windhoek anticipates disbursing \$10,000,000 of policy assistance funds in FY 1991. Funding in support of the policy program will be provided as nonproject sector assistance.

A support project requiring \$500,000 of FY 1991 DFA appropriations is included for authorization in this package. The project will be fully obligated in FY 1991.

All funding approved and authorized for the policy reform program and the support project will be provided on a grant basis.

B. Grantee. The Grantee will be the Government of Namibia acting through the Ministry of Finance, the National Planning Commission, and the Ministry of Education. The Ministry of Education will assume responsibility for all technical aspects of the reform program and will be the lead agency of the GON. The Ministry of Finance will be responsible for ensuring that financing and administrative services are available to the Ministry of Education as they are needed. As such, very close collaboration between these ministries is necessary if the Program is to succeed.

A semi-autonomous agency, the National Institute for Educational Development, will be responsible for coordinating curriculum development, examination reform, and monitoring and evaluation activities, as defined by the Ministry of Education. It is also expected that The Academy, Namibia's university, will play a collaborative role in primary education reform.

C. Program Summary. The education system inherited by independent Namibia is one designed to support the apartheid system. It socializes children into accepting racially-based roles in adult life. It defines appropriate aspirations that are very different for blacks, coloreds, and whites. It teaches children to fail.

Education administration and financing in Namibia has been separated historically along tribal, ethnic and racial lines. Significantly less investment per pupil occurred in majority areas of the country than in the white areas. Yet, the curriculum is standardized nation-wide. The system is examination driven and based on a general premise that only the best few students should succeed. Standards for passing are kept exceptionally high. Texts and materials are targeted well above the average student towards the few. Eighty-two percent (82%) of children who enroll in primary school leave before they reach the seventh year of education. Only about one percent of Black Namibians ever complete secondary school. Not surprisingly, the level of education attained by the majority of Namibians is appallingly low. The national illiteracy rate is sixty percent.

Clearly there is an urgent need to make basic improvements in the school system now. There is strong support for changing the Cape curriculum and making pedagogical improvements. There is a strong desire to "unify" the education system, as evidenced by decisions to eliminate separate ethnic authorities and to standardize English as the medium of instruction.

There are also at least two influential perspectives on how, or to what degree, to implement change. First, there is a commonly held assumption that to improve education in Namibia the GON should extend the model which exists in the white and colored schools to all the other regions as resources permit. Many educators talk about bringing the rest of the system up to the "norm" found in these schools, as the model found in those schools is assumed to represent the best kind of education. In fact, the November 1990 policy statement of the MOE proposes that an integrated version of the white model be continued at the current level, while additional resources as they emerge will be used to move the other schools along the path toward that model. Second, there is the more ideology driven approach shaped and formed by leaders who have spent years in exile. They have seen other models and developed one of their own for use in exile. They have high goals and ideals for the education system for newly independent Namibia. They advocate substantial change quickly.

The goal to which the Namibian Basic Education Reform program contributes is to improve the quality of life for majority Namibians by guaranteeing equal access to quality educational services.

The purpose or overall objective of this Program is to establish an effective, efficient, and sustainable basic education system accessible to all Namibian children. By the turn of the century, 80 percent of all entrants into each primary school cycle will complete that cycle. Efficiency will have increased such that average time to complete a cycle will decrease by 20 percent, and the financial costs associated with each cycle will decrease by an average of 15 percent. At the end of the Program, in 1996,

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-6-

substantial progress toward achieving these objectives will have been demonstrated.

The program will accomplish its overall objective by achieving four specific supporting objectives:

1. A measurable improvement in the quality of Namibia's basic education system, including its curriculum, teachers and student system.
2. An increase in the quantity and quality of basic education textbooks and other instructional materials.
3. A rational and equitable financial resource base for the delivery of quality basic educational services on a sustained basis.
4. Sufficient institutional and professional capacity for Namibians to plan and manage an improved and expanded basic education system.

To achieve these supporting objectives, the GON has designed with A.I.D. assistance a comprehensive policy matrix. See Table I and Attachment A to this PAAD. This matrix delineates the steps necessary to achieve these supporting objectives and provides a time-based plan for taking those steps. It is intended that this policy matrix become the Program's implementation plan which will be reviewed on an annual basis with A.I.D. Over the life of the program, the implementation steps necessary to effect the policy matrix may require modification. These will be fixed each year. Where more detail becomes necessary, it will be provided; where additional actions become necessary, they will be defined and agreed upon by both parties to the agreement. The overall and supporting objectives, however, are not expected to change over the life of the Program. Modification of these would constitute a substantive change in the Program and should be contemplated only in consultation with AID/W.

All inputs and actions necessary to achieve the defined objectives (i.e., all project-type inputs and outputs) will be the responsibility of the GON to identify, finance, procure, and act upon. For example, if technical expertise beyond that currently available to the Ministry of Education is necessary to design a new primary school curriculum, the GON will identify the need, finance it and procure it with its own resources. Likewise, if GON law or policy requires specific approvals or concurrences to introduce a new curriculum in the schools, it will be the responsibility of the GON to ensure that such actions take place in a timely manner. A.I.D. will hold the GON responsible for achieving the supporting objectives and for demonstrating progress toward the overall objective prior to the end of the Program.

Program monitoring and evaluation will be the joint responsibility of A.I.D. and the GON, acting through the National Institute for Educational Development (NIED). It is anticipated that NIED will take the lead in establishing the baseline data and assessing progress toward specific targets on an annual

NAMIBIA BASIC EDUCATION REFORM PROGRAM

TABLE I: POLICY AND PROGRAM MATRIX

Overall Objective: To establish an effective, efficient, and sustainable basic education system, accessible to all Namibian children

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Program Indicators	Impact Indicators
	Agree to the overall program objectives and the policy matrix	Submission of an overall reform strategy and targets (blueprint for basic education reform); progress report submitted to A.I.D.	Progress report to A.I.D.	Progress report to A.I.D.; 5% of impact targets attained	Progress report to A.I.D.; 5% additional progress towards impact targets	Progress report to A.I.D.; 5% additional progress towards impact targets	Establishment of a unified, Namibian, learner-centered basic education system	By year 2001: - 80% of primary 1 completers complete cycle; - Cycle time decreases by 20%; - Cycle costs decrease by 15%; - At least 80% students in every region are in Fundamental Quality Level (FQL) standard schools

Supporting Objective A: Improve the quality of Namibia's basic education systems

Program Area	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Program Indicators	Impact Indicators
A.1. Establish a model of an effective basic education program		Statistical model defined, targets set, monitoring system in place. ¹	Model refined & targets revised				MOE has standard model and set of indicators for tracking progress	-Progress on indicators in model of basic education -Annual targets set and previous targets met
A.2. Design a relevant, learner-centered, Namibian curriculum and syllabus for basic education			Curriculum vetted nationwide and approved			Syllabus for all grade-levels and all subjects drafted	Syllabus based on new Namibian curriculum introduced nationwide	Medium term increase in all regions of: achievement, attendance, promotion, completion rates
A.3. Prepare updated teacher training systems for: (1) underqualified teachers, and (2) for all teachers, to reinforce the new curriculum, utilizing new syllabus & materials		-NIED plan for teacher effectiveness study completed; -A plan for a teacher upgrading program approved by donor committee; targets for teacher training set	Inservice support for teachers established in regional centers	Teacher effectiveness study completed; Recommendations submitted to MOE; Teacher upgrading in 3 northern provinces underway		Plan to train all teachers using new syllabus completed	Pre-service and in-service teacher training system functioning; Qualification set as a function of teacher effectiveness	Increase in northern regions of: achievement rates, attendance rates, promotion rates, completion rates in short term; Training targets met
A.4. Develop improved mechanisms to assess student achievement		-Desired learning outcomes defined -Baseline sample survey of student achievement completed	- Improved assessment system plan submitted; - Implementation targets set.	Targets met.	Targets met.	Targets met.	New assessment systems in place and in use, operated out of NIED	Short-term increases in all regions of: achievement, attendance, promotion, completion rates

¹Illustrative Model of a Effective System:

$$E = f(A, O)$$

$$A = g(x_1, x_2) \text{ and } O = h(x_1, x_2)$$

$$\text{Base year: } A = b_0 + b_1x_1 + b_2x_2 \text{ and } O = c_0 + c_1x_1 + c_2x_2$$

$$\text{Next year } A' = b'_0 + b'_1x'_1 + b'_2x'_2 \text{ and } O' = c'_0 + c'_1x'_1 + c'_2x'_2$$

Expected changes: increases in x's and in coefficients: $b'_1 > b_1, b'_2 > b_2, c'_1 > c_1, c'_2 > c_2$

E: Effectiveness of primary school system

A: Achievement level of students

O: Quantity of students completing primary

x_1 : number of instructional materials available

x_2 : number of teachers available

Supporting Objective B: Increase the quality and supply of basic education textbooks and other instructional materials

Program Area	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Program Indicators	Impact Indicators
B.1. Select and distribute donated high-quality textbooks in key subjects for all children in every Namibian primary school (in order to raise school quality during the initial years of the reform, prior to the availability of the new syllabus)		<ul style="list-style-type: none"> - Report of survey of textbooks in use by children in all regions to assess viability completed; - Broad-based textbook selection and procurement committee plan completed; - Textbook distribution plan completed and targets for distribution set; - Plan on how to make use of the learning resource centers for textbook distribution 					Mechanisms in place to support and direct textbook selection and distribution	New textbooks, acquired by extranational donation. Targets for distribution to students met in each region; (key subject areas: mathematics, science, and English as a second language)
B.2. Produce and distribute textbooks and other instructional materials designed around new Namibian curriculum and syllabus					<ul style="list-style-type: none"> - Plan for production of textbooks based on new syllabus drafted; - Implementation plan drafted 		Institutionalized mechanisms in place to produce, publish, and distribute textbooks based on new Namibian curriculum and syllabus	New textbooks and instructional materials developed around new curriculum completing publication process and beginning to be used in schools. First and second grade materials completed and in use in at least 60% of the schools in every region.

Supporting Objective C: Establish a rational and equitable financial resource base for the sustainable delivery of quality educational services

Program Area	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Program Indicators	Impact Indicators
C.1. Assure that MOE's relative share of GON's recurrent budget is sufficient to sustain the sector reform in the short term, and an improved basic education system in the medium to long term.	MOE has established budget targets for financing of education reform program.	<ul style="list-style-type: none"> - GON education budget share at least equal to previous year's budget share. - GON has undertaken study to assess sufficient resource base for a sustainable primary education system. 	Budget targets set in agreement with Ministry of Finance	Targets met	Targets met	Targets met	Basic Education Reform Program receives sufficient financing from Ministry of Finance. GON budget committed and sufficient to support improved basic education programs in Namibia.	Progress towards meeting agreed-upon targets for budget share of Education Ministry budget in total recurrent budget.
C.2. Assure that the basic education program's relative share of GON's education recurrent budget allocations is sufficient to support and sustain the reform program	Agree to analyze education expenditures and to set up a basic education expenditure tracking system.	<ul style="list-style-type: none"> - Analysis of educational expenditures submitted. - A basic education expenditure tracking system, with program categories that aggregate to correspond with the MOE budget, set up. - Targets for allocation of basic education expenditures by teacher salaries, instructional materials, administrative expenses, and more detailed procurement categories associated with the reform (i.e., technical assistance, training, commodities) set 	Targets met	Targets met	Targets met	Targets met	Budgetary resources are adequate for the acquisition of the necessary technical assistance, training, and commodities to support and sustain basic education reform.	Progress towards established expenditure targets. Resources are adequate to support a higher quality basic education system on a sustained basis.
C.3. Assure that an improved basic education system is affordable in short term and sustainable in medium term		<ul style="list-style-type: none"> - Study to establish the criteria for a Fundamental Quality Level primary school completed. - Means of measuring which students have access to this standard are identified and agreed upon; - Plan submitted and training initiated for MOE staff to measure FQL school standards; - Baseline study of FQL school standards begun. 	<ul style="list-style-type: none"> - FQL school standards study completed. - FQL targets for each region set. - Costs to meet targets assessed 	Targets met	Targets met	Targets met	Quality standards for school system are established. Public groups informed of achievements in their communities. Affordability and sustainability defined and monitorable.	Targets for the number of students with access to a minimum quality basic education are met. The percent of students with access to this standard continues to increase; Interregional variation will decrease; Basic education system is sustainable.

Supporting Objective D. Enhance the institutional and senior professional capacity of Namibian educators to plan and manage an improved quality basic education system

Program Areas	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Program Indicators	Impact Indicators
D.1. Integrate 11 separate education authorities into unified, national primary administrative system	Representative Authorities Act Abolished. Central Ministry of Education Integrated.	Objectives for systemwide administrative reform set.	Administrative integration between central and regional units initiated.	Progress reported.	Progress reported.	Progress reported.	<ul style="list-style-type: none"> - A unified and integrated administrative system established and roles defined. - Each regional education authority (REA) exercises leadership; - Each REA operates own EMIS, linked to headquarters' EMIS. 	Administrative staff equitably distributed by quality and number across regions. Equitable distribution of teachers per inspector and students per teacher.
D.2. Establish an MOE committee on basic education to direct and monitor primary education reform	Working committee designated.	<ul style="list-style-type: none"> - Evidence that MOE established a functioning network of National, Regional, and District level Advisory - Committees on Educational Policies which includes representation of PVOs, the private sector, & community organizations. - Study on how to more effectively utilize private and community resources in the provision of basic resources completed. 			Listing of private, community, and parent associations that actively support basic education submitted		Committees at all levels meet regularly to play an active part in reform design and implementation efforts. Private and community associations continue to meet and continue to provide support for basic education. Consensus achieved on goals, objectives, and means for supporting the educational reform.	
D.3. Establish a basic education technical level donor coordination committee chaired by the MOE	Committee designated	MOE formalized a function within its management coordinating committee to oversee on the technical level the smooth interaction of donor activities with MOE programs					Reform implementation receives support from donor community. Donor community serves government's reform objectives. Duplication of effort among donors minimized.	

2

Supporting Objective D. (continued) Enhance the Institutional and senior professional capacity of Namibian educators to plan and manage an improved quality basic education system

Program Area	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Program Indicators	Impact Indicators
D.4. Plan & Institutionalize a Namibian Education Management Information System (EMIS) to monitor progress towards reform goals		<ul style="list-style-type: none"> - EMIS implementation plan developed. - Initial baseline assessment of cycle time, cycle cost, educational achievement, and completion and transition rates, with data disaggregated by region, completed. Baseline may be conducted as sample survey and may also include measures of the textbook distribution, the number of pupils dropping out, their frequency of attendance, repetitions, multiple entry, and multiple repetitions, class size, and classroom conditions. 	EMIS operational. Recommendations to improve EMIS made and actions taken.	EMIS findings reported. Recommendations to improve EMIS made and actions taken.	EMIS findings reported. Recommendations to improve EMIS made and actions taken.	EMIS findings reported. Recommendations to improve EMIS made and actions taken.	Namibian EMIS capable of collecting data on annually from all schools on measures related to quality, achievement, costs, and sustainability; collaboration between NIED and University assured	Annual EMIS report to national policymakers. Annual EMIS report to national and regional audiences. Annual regional forums presenting EMIS findings and reporting on progress toward reform goals.
D.5. Establish & institutionalize NIED--an institute for planning and directing the reform effort and for planning, managing, and improving the Namibian basic education system activities	NIED approved by GCN. Financial resources for NIED budgeted.	<p>NIED established:</p> <ul style="list-style-type: none"> - all units identified, - temporary technical experts recruited, - staff development plan completed, - plan for phasing in of operations completed; - evidence provided showing that curriculum & teacher training units are operational; 	NIED studies of teacher effectiveness, class size, cycle costs, & retention policies begun.		All studies completed. Reports and recommendations from studies submitted.	Plan to respond to study recommendations submitted;	NIED on current and planned budgets. NIED operating as the lead agent in the analysis, planning, implementation, monitoring, and evaluation of educational program development and reform. NIED adequately staffed and performing appropriate functions.	<p>Improvement of inter-regional equity in</p> <ul style="list-style-type: none"> -per-pupil materials availability, -teacher to student ratios, -student test scores, -promotion rates, -graduation rates (from primary level), and -proportion of trained teachers
D.6. Enhance the capacity of the University of Namibia, faculty of education, to undertake research and analysis and the training of teacher educators in basic education		Plan for Namibianization of the education research faculty and the teacher training faculty in the University developed. Training in fields identified in plan begun.	Broad plan for the development of the faculty of education, linked to the reform and the higher education report, completed. Targets for the Namibianization of the Faculty of education set.				<p>Progress towards: degree programs operating in education program areas such as:</p> <ul style="list-style-type: none"> -educational research -testing/measurement -teacher assessment -applied linguistics 	Targets for the percent of the teacher training faculty and education research faculty in the University of Namibia that is Namibian are met.

13

11

basis. A.I.D. assistance will be limited to providing oversight for monitoring activities and additional expertise for the mid-term and final evaluations. A.I.D. will also be responsible for financing required non-Federal audits. A.I.D. financing for monitoring, evaluation, and audit totals \$500,000 of projectized supporting assistance.

D. Preliminary Program Budget. To achieve the overall and supporting objectives outlined above, approval for total Program financing of \$44,000,000 is sought. Of this amount, A.I.D. will provide \$35,000,000 in nonproject sector assistance and \$500,000 in supporting project assistance. The GON will agree to a minimum contribution of \$8,500,000 in support of the policy reform program. This equals 25 percent of total Program (NPA) and project financing defined as all A.I.D. DFA resources plus the host country contribution. Since a host country contribution is not applicable to ESF resources, the \$8,500,000 is the legislated minimum. However, it should be noted that in addition, the GON will commit itself to provide whatever additional budgetary resources above the \$8,500,000 are necessary for the MOE to implement the reform program. These needs will be identified on an annual basis and presented as part of the MOE's counterpart request to the Ministry of Finance.

A summary program budget is presented in Table II, below:

Table II
((\$000))
Summary Program Budget

<u>Assistance Type</u>	<u>USG</u>		<u>GON</u>	<u>Total</u>
	<u>ESF</u>	<u>DFA</u>		
<u>Policy-based NPA</u>	10,000	25,000	8,500	43,500
<u>Project Assistance</u>				
Monitoring		150		150
Evaluation		250		250
Non-Federal Audit		100		100
<u>TOTAL</u>	<u>10,000</u>	<u>25,500</u>	<u>8,500</u>	<u>44,000</u>

II. The Macroeconomic Setting.

A. Background.

1. Demographic Characteristics. In 1988, Namibia's population was estimated at 1.66 million persons. The rate of population growth is estimated at 3.0 percent per annum. Approximately 88 percent of the population is Black, 5 percent is White, and the remaining 7 percent is either mixed or belongs to other races. About 58 percent of the total population lives in the three northern districts of the country; namely, Owambo,

Caprivi, and Kavango. It is estimated that approximately 45 percent of the population is under 15 years of age.

2. Income Levels. The GDP for 1988 is estimated at the equivalent of US\$ 2 billion, or approximately US\$ 1,200 per capita. In many countries this level of income is generally associated with "middle income" status, and it is certainly one of the highest in sub-Saharan Africa. The physical infrastructure inherited at independence is one of the best on the continent. The telecommunications system is most efficient, and the public administration of the country is one of the most highly qualified and well developed.

Namibia has also inherited one of the most skewed income distributions in the world and a highly dualistic society in which differences in economic conditions and living standards are unusually pronounced. In fact, the society is divided into two, largely independent economic systems. One encompasses a traditional, subsistence set of economic activities in which about 55 percent of the total population is active. The other consists of a modern, market oriented activities in which about 45 percent of the population operates, 5 percent White and 40 percent Black. Whites occupy most of the positions of responsibility and own and control a disproportionately large share of the country's physical assets and human capital. This implies that the Gini coefficient, a generally accepted measure of income distribution, for Namibia is 0.238, where 0.0 is equal to complete inequality and 1.0 is complete equality of income distribution.

As shown in Table III, below, the result of this dualism is a per capita income for the white or modern segment of society of approximately \$16,504 in 1988, as compared to \$750 for non-whites in the modern sector, and about \$85 for non-whites in the subsistence sector. This dualism is part of the legacy of apartheid and represents the major challenge facing the Namibian people at independence.

TABLE III

Namibia: Major Segments of the Economy - 1988

	Total Value Added (US\$ millions)	Population (1000)	Per Capita GDP (US\$)
Traditional Activities (non-whites)	77.4	911.3	85
Modern Activities (non-whites)	1,895.0	748.7	2,531
(whites)	498.0	664.0	750
	1,397.0	84.7	16,504

Source: UNDP, "Population and National Accounts of Namibia", and the Department of Finance, "Statistical/Economic Review", SWA/Namibia 1989; World Bank team estimates.

3. Macroeconomic Performance.

a. Trends. GDP growth throughout the 1980's ranged from stagnant to negative. The economy went into a recession in 1980 that lasted five years and reduced GDP by 6.8 percent. After a two year period (1986-1988) in which moderate growth resumed, growth stopped in 1989. By 1989, real GDP stood about 1% above its 1980 level. However, because of continuous population growth, per capita GDP declined steadily over the decade to reach a level in 1989 that was 23 percent lower than it was in 1980.

This poor performance can be attributed to declining overall investment levels. While private investment experienced a mild recovery during the 1986-88 period, sparking some growth, public investment declined continuously and steadily over the decade. Some of the decline was due to external shocks: droughts followed by sanctions against the Republic of South Africa (RSA) and political uncertainty which inhibited private sector investment. The decline in productivity of the diamond mines caused by the increasing exhaustion of easy-access deposits also had a negative effect. The RSA's decision to reduce capital expenditures, as a way of limiting the fiscal deficit over the decade, also played a major role in this steady decline.

b. Sectoral Developments. Over the decade of the 1980's, as the share of GDP contributed by the productive sectors (mining, agriculture, manufacturing, and fishing) stagnated or fell, the share held by the service sectors, including government, steadily increased. Trade, for example, rose from 11.5 percent of GDP in 1980 to 12.7 percent in 1989. Likewise, transport and communications services; finance, insurance, real estate, and business services; community, social and personal services showed steady increases. The share of GDP contributed by general government services experienced the largest increase, from 9.6 percent of GDP in 1980 to 17.9 percent in 1989.

(1) Mining is the largest and most important productive sector of Namibia's economy. In 1989 it contributed 32 percent of GDP and employed 10,000 people. In 1988, it accounted for 73 percent of merchandise exports, 27 percent of gross investment, 26 percent of Government revenue, and 17 percent of remunerations to employees. Most sector activity is accounted for by nine foreign-owned companies.

Even though real value added in the sector declined over the 1980's, mining is likely to continue as the country's leading income generating sector for the foreseeable future. While easy access deposits may be dwindling, the GON is committed to increasing access to newly discovered deposits. In fact, quickly exploiting these deposits figures prominently in the GON's short to medium term development plans.

(2) Commercial agriculture is another important economic sector. It contributed 9.6 percent of GDP in 1988, with value added in the subsistence sector contributing an

additional 2.2 percent to sector GDP. Due largely to a drought in the early 1980's, real value added declined significantly until 1985. By 1989, sectoral value-added stood at about 95 percent of its 1980 value. About 19 percent of the total labor force is employed in commercial agriculture. Estimates indicate that up to 70 percent of the population in the North (Caprivi, Kavango, and Owambo) is dependent on agriculture.

Commercial agriculture is largely dedicated to the production of cattle and processed meat for export. In 1988 this activity alone accounted for 65 percent of the gross value of agricultural output. Karakul pelts are another important agricultural commodity produced for export. In total, agricultural products account for approximately 12 percent of total export value. Commercial crops are grown in a very small area in the North-Central part of the country and are limited to white maize for human consumption and yellow maize for animal consumption. Demand for maize, as well as most other food crops, is satisfied from imports.

The harsh climate, poor soils and fragile lands of Namibia make expansion of agricultural activity risky. Financially, most enterprises that have survived, are well established and have become so, as a result of past government policies which encouraged settlement of rangelands and investment in land-extensive, capital-intensive, and management-intensive activities. New investment in the sector would face a very different investment climate today. In addition, the land resource base of Namibia is so poor and fragile as to call into question any additional, serious exploitation of it from an environmental perspective.

(3) Commercial fishing has contributed relatively little to the economy given the reported abundance of fish in the Namibian Sea. This is largely due to the uncertainty surrounding Namibia's status prior to independence which effectively allowed free fishing off the Namibian coast for the fleets of many developed nations. As a result, one of Namibia's greatest natural endowments was over-used and risked depletion at independence.

In 1988 commercial fishing contributed only 2.0 percent to GDP and employed only 1,700 people. Two major industrial fisheries were established, so some important infrastructure does exist. At independence, the GON declared a 200-mile exclusive economic zone prohibiting all fishing. It is estimated that the annual sustainable yield from the Namibian waters of the Benguela current is roughly 1.5 million metric tons. This would represent approximately US\$200 million in revenues to Namibia. In addition, currently unreported fishing activities by Namibians are generally believed to be significant.

After a decade of stagnation and declining per capita incomes, the Namibian economy is in need of a boost. Removing economic sanctions is likely to have some effect. The prospects for growth in the fisheries sector and a resumption of growth in the mining sector will depend on private sector investment in the former, and some public sector infrastructure investment in the

latter. Over the longer term, development of a larger fish processing industry, higher productivity on communal farms, and a more dedicated and coordinated approach to tourism may contribute to economic growth.

B. The External Sector. Data pertaining to Namibia's external sector are generally weak to non-existent due to the fact that Namibia has been treated as a part of the Republic of South Africa (RSA). The flow of goods and services between the two countries has been completely free and unrecorded.

Capital flows have also been unfettered. Given that Namibia's financial sector consists mostly of institutions which are branches of South African institutions, and given that Namibia was, and continues to be, a member of the Rand Monetary Union, capital flows to and through the RSA are the norm. A gross outflow of approximately R700-800 million per year is informally estimated, but it is impossible to calculate a net flow since Namibians have direct access to the financial institutions and capital markets of the RSA. It is generally believed that were all transactions calculated, there would be net savings available for investment in Namibia.

Namibia's membership in the Rand Monetary Area means that, for all practical purposes, the country does not face a balance of payments constraint. At the same time, Namibia does not control its own monetary policy. Expansion or contraction of the money supply, interest rate policies, and exchange rate policies are all controlled by the Central Bank of South Africa. The GON has few, mostly untested options for public borrowing outside of the South African capital markets. The current difference in the exchange rates between the commercial Rand (US\$1 = R2.59) and the financial Rand (US\$1 = R3.20) is prejudicial to the GON if, in fact, an equilibrium rate for the Rand is higher than R2.59. It is unclear whether new foreign investment in Namibia would qualify for the higher rate, as it would in South Africa.

The Government of Namibia has declared its intention to separate from the Rand Monetary Area at some future date. Informal discussions with Ministry of Finance and Central Bank officials indicate that the GON would like to do this as soon as it is feasible. A Central Bank has been established and is preparing to begin operations with assistance from a team of IMF advisors. Testing of the feasibility of issuing government bonds on local capital markets is likely to take place in the short run. In the meantime, Ministry of Finance officials outline the need to build reserves as a next step. Ultimately, Namibia will issue its own currency in its move to monetary independence. As this happens, the GON will have to decide its international trade, finance, and investment policies. An exchange rate regime must be chosen and other export promotion policies must be developed and adopted. The latter will be important to the economic future of Namibia, since an economy as small and with the structure of the Namibian economy has virtually no alternative to an export-led development strategy.

Namibia is also a member of the South African Customs Union (SACU), which, along with sharing the currency of the RSA,

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3

further integrates Namibia into the South African economy. Under SACU, the movement of goods and services to and from the RSA is legally unimpeded, and Namibia is unable to tax a full range of transactions. For the next two years, this means that the GON will continue its dependence on largely discretionary transfers of resources from the Government of the Republic South Africa.

C. The Government Sector. The Government of Namibia faces a potentially severe fiscal problem. While this problem is likely to manifest itself as a fiscal deficit, it should be viewed as a structural problem. The structure of government finances is such that much of the GON's budgetary resources are lost each year paying off pre-independence commitments to an oversized and overpaid civil service, and to other public expenditures of questionable efficiency.

During the last years of the South African administration, the two overriding factors which so negatively influenced the structure of the GON's budget today were: (1) the RSA's need to reduce the fiscal deficit to ever lower levels so as to reduce the size of the post-independence budget transfer from South Africa to Namibia; and, (2) the South African administration's need to protect and increase the salaries and pension levels of the pre-independence, largely white civil service resident in Namibia. The result was a "crowding out" of discretionary investment expenditures.

At the same time, revenues, which had picked up in the late 1980's as a result of increased economic performance and the institution of higher taxes, began to fall once again just prior to independence. The narrow tax base in Namibia does not allow for much relief. At the same time, the RSA's continual "haggling" over the size of the budget transfer it will grant -- and the continuous reduction in that amount -- leaves little hope for revenue increases on that front. The withdrawal of RSA military and UNTAG forces also led to lower sales tax receipts. In sum, preliminary data indicate progressively falling revenue from 1989 through 1992, from 36.2 percent of GDP to 30.3 percent of GDP.

Government expenditures, however, will necessarily increase for several reasons. First, the positions and salary increases described above have been guaranteed in the Namibian Constitution. Secondly, the newly elected government must address the needs of the long-neglected majority. This will require more and better health care, education, services and jobs which will require a significant amount of government as well as private sector investment. Politically, the GON must make those investments for which it has responsibility now; especially investments to expand delivery of quality social services to the majority.

To increase the private sector investment needed to create employment opportunities, the government sees its role as one of facilitating a resumption of economic growth. In the short run, the GON wishes to make some short term investments in some simple infrastructure which will open new mineral deposits to exploitation by the private sector. With the income generated

TABLE IV

REVISED ESTIMATE OF FINANCIAL POSITION AS AT 31 MARCH 1991

	R	R	R
Amount Voted 1990-91	2,259,495,000		
Plus: Additional Amount to be voted	164,676,000	2,424,171,000	
Minus: Suspension in terms of section 13(1)(a) of the State Finance Act (Act 1 of 1982)		19,616,500	2,404,554,500
Statutory expenditure			32,580,000
Total amount to be financed 1990-91			2,730,354,500
Estimated amounts available for appropriation 1990-91			
Own Revenue		1,990,959,000	
Loan funds to be obtained		200,000	
Contribution from the Amortization Fund		78,000,000	
Foreign Contributions		100,000,000	
Balance 1989-90		349,000,000	2,518,159,000
Estimated deficit 1990-91			212,195,500

from those investments over a fairly short period of time, the GON expects to be able to (1) move to financial independence from RSA and (2) facilitate investment in other growth sectors (e.g., fishing) which will, in turn, increase employment opportunities and revenues over the longer run.

In the meantime, the GON is likely to sustain a manageable fiscal deficit for its FY 1990-91 if anticipated foreign contributions are made in a timely manner. A deficit equivalent to 3.25 percent of GDP is likely for FY 1990-91, an improvement over the 6.8 percent deficit originally projected. The most recent estimates are presented in Table IV. This table incorporates changes in revenue and expenditure performance between May 1990 and February 1991 and represents the best estimates of how the GON will finish its fiscal year on March 31, 1991.

The ability of the GON to maintain fiscal discipline will be tested in FY 1991-92 as new investments are added to the budget at the same time that revenues are projected to be gradually falling. The originally projected deficit of 4.7 percent of GDP for FY 1991-92 now appears optimistic given the level of recurring budgetary commitments already made.

III. The Analytical Framework.

A. Program Identification and Description.

1. Background. The education system inherited by independent Namibia is one designed to support the apartheid system. Education administration and financing has been separated along tribal, ethnic and racial lines. Less investment per pupil occurred in majority areas of the country than in the white areas. Yet the curriculum, imported from the Republic of South Africa, is centrally controlled and standardized for all students. It is, furthermore, examination driven and based on a general premise that only the best few students should succeed. Standards for passing are kept exceptionally high. Texts and materials are targeted well above the average student towards the few. It is no wonder that students who have fewer texts per capita, lower paid and less educated teachers, less qualified school administrators and less access to adequate infrastructure are most likely to fail. It is estimated that 82 percent of children who enroll drop out, fail, leave and/or become repeaters during primary school. Not surprisingly, the level of education attained by the vast majority of Namibians is appallingly low. The national illiteracy rate is approximately 60-70 percent.

Formal education has neither been compulsory nor freely accessible for the black population. Only about one percent of Black Namibians ever complete secondary school. Studies under taken by the U.N. Institute for Namibia (UNIN) which followed the 1973 cohort (today's 25 year-olds) indicate that less than one-third of the cohort reached Standard 3 (roughly fourth grade). That proportion of the 1973 cohort which graduated from elementary school is estimated at about one percent. This situation is further demonstrated by the fact that the ratio of kindergarten level students to sixth graders in Namibia (1980-81)

has been the highest in the region: 574:1, as compared to 23:1 in Botswana and 17:1 in Zambia.

The educational system has historically been segregated. There have been separate classroom facilities for whites, coloreds and blacks. Administration of the education system has been even more highly segregated along tribal and ethnic lines. One year ago eleven different, autonomous departments of education were administering schools throughout the country. With the establishment of these separate departments and the nominal transfer of control to "representative authorities" (the second tier government structure), the latter were charged with the "responsibility" for providing primary and secondary education and pre-primary teacher training. The inheritance of this system is a negative competitiveness between the central level which has historically controlled the system and the fragmented, weak administrations at the local level. The introduction and use of the teaching materials is controlled centrally; the examination system is centrally designed and administered; and school construction is a central responsibility. With the abolition of the representative authorities the MOE has organized into six new districts. The relationship between the new central administration and these districts is evolving.

The financing of schools is another area over which the pre-independence central government exercised a most pernicious kind of control. While providing nominal control to the local areas to manage their resources and schools, it in reality ensured the impoverishment of schools in most of the majority areas by calculating and providing educational grants in such as to ensure that they were insufficient and bale to be directed to other visible uses. As a result, by 1990 the expenditure per pupil in the white administration had risen to R5,105, in sharp contrast with expenditures per student among the Owambos of R616.

An additional problem well recognized by the current educational administration in Namibia is the lack of trained teachers for the number of schools that exist. This problem may be both a cause and an effect of the educational system. Statistics indicate that less than 25 percent of teachers have graduated from high school (i.e., are in possession of a metric certificate or higher qualification); another 20 percent have not successfully completed the equivalent of the ninth grade. Student to teacher ratios in black schools are typically 60:1, an unacceptable ratio even for the best of teachers.

Educational infrastructure and materials are poor to non-existent in some areas. While any statistics related to the demography of rural Namibia are hard to come by, it is clear that long distances between schools is usual. Distances in many rural areas are such that boarding is necessary even at the lowest grades. The rural population in many areas (black and white) is highly dispersed and the Cape curriculum, even at the primary level, requires 10+ different teachers to teach 10-14 separate units. Bringing together 400+ students in areas where population density is low will naturally result in vast distances between schools, especially in the North, were the Owambo, Caprivi and Kavango reside. While these three groups account for 58 percent

of the population, their access to educational infrastructure varies widely.

The majority of people in Namibia are ill-equipped for independence and nationhood. The education system has played a major role in ensuring this. The curriculum has taught the majority that their lot in life is determined by race. The examination system, based on the premise that the very few should succeed, labels the majority of black children as "failures" early on in life. This results in human and social wastage on an unprecedented scale. The majority do not realize their full potential as human beings because they are not encouraged to do so. The numbers and proportion of trained and skilled black practitioners, from medical doctors to skilled plumbers to government workers, resident in Namibia at independence resembles the worst conditions of other African nations who achieved independence in the early 1960s.

Unless this is reversed, majority Namibians will continue to fall outside of the modern economy. This, in turn, will perpetuate an economic dualism not unlike apartheid. Because the acquisition of a basic education is at the foundation of the nation building task in Namibia, the GON has elected to place primary importance upon reversing this trend. Only with a functioning education system can an open political system and a successful economic system be developed or preserved.

2. The Program Objective. The ultimate objective of the Namibia Basic Education Program is to replace an ineffective, inappropriate, and inequitable basic education system with one that is effective, efficient, sustainable, and to which all Namibian children have access. The establishment and sound operation of a unified, learner-centered basic education system will be the prime program objective. That basic education system will have the following characteristics:

a. 80 percent of the children who finish the first year of primary school successfully complete.

b. The average time it takes a child to complete primary school will decrease by 20%, from about 11 to nine years.

c. The average cost of a child's primary school education will decrease by 15%; from approximately \$5,100 to \$4,300 per primary school graduate.

d. At least 60 percent of all primary school students in the country will be in schools which meet minimum quality standards.

3. Constraints Analysis. The links between improvements in the effectiveness, efficiency, and sustainability of basic education services and increasing the skills, knowledge and achievement of students are numerous and complicated. The brief analytical review which follows attempts to define the major constraints to achieving the overall objective of this Program.

An effective education is one which produces students that have learned what they set out to learn. They leave the school system at any given level with a base of skills appropriate to that level of learning. Increases in effectiveness are measured by improvements in student achievement, promotion, and completion rates. An effective system depends on quality inputs to produce quality outputs (students and adequate level of who acquire knowledge and skills). Quality inputs discussed below include: curriculum, its associated examination system, skilled teachers, good textbooks and educational materials, and information and professional capacity to manage and maintain a quality system.

Efficiency adds the concept of cost to effectiveness; i.e., an equal number or greater number of skilled graduates at the same cost, or an equal number of skilled graduates at a lower cost. Efficiency increases are measured by decreases in cycle costs. A sustainable education system is one whose operating costs are affordable over time; it allows the children of an earlier generation of graduates to be assured that they will receive the same or better quality of education that their parents received. Both efficiency and affordability relate to the availability and allocation of financial resources to education. Accessibility means that education services are both available and affordable to all Namibian children.

The major constraints to improving the quality, financial resource base and the accessibility of basic education in Namibia are briefly reviewed below:

a. Constraints which affect the quality of the basic education system. Though seemingly large enough to educate most children, Namibia's education system produces only a handful of successful graduates and fails to give the children who do not succeed any functional skills for life or any cognitive skills for future training or employment. Thus, despite large expenditures on education, Namibia has one of Africa's highest illiteracy rates.

There are three main factors responsible for this pattern. First, the content biases, subject selections, and hidden curricula of apartheid are thoroughly embedded in the formal curriculum and its supporting materials (i.e., textbooks). Second, there is a heavy reliance on examinations at all educational levels, with most geared toward the selection and rigid screening of students based on national curriculum standards and content learning objectives, rather than toward diagnostic assistance to the teacher of the student. Third, the teacher training system is based on outdated assumptions and qualification standards that are unrealistic for most teachers to achieve, inappropriate for the teaching realities most teachers face, and supported by inservice teaching materials geared for teachers with higher academic qualifications. Each of these subsystems--the curriculum, the examination system, and the teacher training system, limits the effectiveness of Namibia's primary education system.

(1) Curriculum. It is generally recognized that the Cape curriculum is inappropriate for independent

Namibia. The fundamental aims of the curriculum designed to support the apartheid past are irrelevant. A new curriculum will require: (a) specific objectives; (b) consensus among interested parties on those objectives; (c) systematic articulation of the curriculum across grade and schooling levels; (d) integration of the curriculum across subject areas; and (e) a greater emphasis on empirical development for a learner-centered curriculum.

(2) Examination System. Examinations lie at the core of the issue of "standards" in schools. For decades "standards" have been tantamount to educational discrimination. This has been justified by the apparent provision of equality of opportunity, but the rigid examination system, administered under tight central control, has resulted in a system where the vast majority of pupils at all levels fail to learn in the name of "standards." The emphasis is on selecting a small handful of students nationwide, who pass each year. The remainder are labeled failures who all pushed out of the school system. The examination and standards issue needs to be reexamined and set in terms of measuring and documenting success rather than in terms of establishing a single pass/fail line for every class and grade.

(3) Teacher Training. There are two parts to this constraint. The first concerns those teachers who are currently "qualified," about 4,000 out of the total 13,000 teachers. The problem for them is that they have been certified in a program that reflects a rigidly controlled and prescribed syllabus, tests, and teaching methodology. Most of these "qualified" teachers don't know how to take initiative and adapt their instruction to pupils' needs and abilities, have had no encouragement or models for creative classroom activity, and have had little experience in working with supplementary materials outside of the study guides which form the backbone of the teacher training syllabus.

The second part of the teacher training problem is the 9,000 underqualified teachers. Without certification, these teachers are clearly less trained than their "qualified" counterparts, but certifying them in the current teacher training programs would offer little benefit for students. The fact is that the teacher certification system is inappropriate to the needs of the education system in its evolving design, content, and orientation. A redesigned teacher training system, including preservice, inservice, and upgrading programs, will have to take into account: (a) new curricular designs; (b) new goals for active, participatory classroom pedagogies; and (c) new examination objectives. Moreover, the issue of how much of the training should build subject competence versus reality-based professional skills need to be analyzed. How this affects teacher certification must be addressed by senior policymakers.

b. Constraints to increasing the quality and supply of textbooks and other educational materials. The existing supplies of educational materials are not only insufficient for the number of students currently enrolled, but their content and orientation do not support the learning needs of the majority of students.

24
25

In fact, the state and availability of instructional materials are perhaps the greatest single constraint to the effectiveness of the Namibian basic education system. What materials exist were developed for use by white middle-class children to prepare them for continuing on to higher levels of education. They are beyond the reading level of most of the rural primary children and even some of the teachers. Moreover, these materials designed to implement the Cape curriculum, which foster a set of social objectives inappropriate for the development of an independent Namibia.

The official policy of the previous administration was that the government would provide all textbooks and writing materials needed for school. Books were loaned to pupils but returned to the schools for subsequent classes. The availability of texts is a function of the per pupil expenditures of the different authorities. White, Coloured, Rehoboth and DNE schools have fairly recent textbooks in sufficient numbers, while in other areas older and fewer texts were available. An adequate supply of learning materials requires both the financial resources to purchase them and the necessary, logistical, management and transportation capability to deliver materials to the schools efficiently.

This constraint is well recognized by parents, teachers, and the general public. Unfortunately, the time required to develop new textbooks for children--textbooks based on a new curriculum--may be years. Instructional design as well as curriculum development is a consensus dependent process, and the need to integrate curriculum, teacher training, and examination systems, though essential for a successful educational system, further slows the process. An urgent need for new, high quality and appropriate text in the short run would facilitate student learning while the schools await Namibia textbooks.

c. Constraints to establishing and sustaining a rational and equitable financial resource base for a quality basic education system. One way of analyzing the affect of resource allocations on educational quality is that fewer financial resources are invested in majority students than in white students. As a result, the latter have better facilities, better teachers, better access to textbooks and additional learning materials. As a result, they perform better in school, pass the tests, and ultimately reach higher levels of education and obtain better jobs.

An average of R22,156 was spent in 1989 to finance a junior primary cycle (3 years) in white schools. This compares to R8,878 in Rehoboth and R3,245 in Caprivi where time spent to complete the cycle was similar. For the senior primary grades, the cycle costs for the same areas total R33,029, R12,838, and R5,059, respectively. In the Kavango, Ovambo, Tswana and Damara areas, very low financial investment per student is accompanied by unacceptably high rates of attrition, repetition and academic failure. A simple approach to increasing educational efficiency in Namibia might look to equalizing the average financial investment per student by equalizing cycle costs. Investing the

same amount per pupil in Black areas could achieve the same results, one would think.

There are two major problems with this approach. First, a fundamental cause of the structural inefficiency in the Namibian education system is the high cost associated with the privileged white schools. These schools operate inefficiently, not measured by high repeater or failure rates, but rather because they spend much more per student than is required to produce the present number of graduates at each level. Secondly, replicating the inefficient level of expenditure throughout the total population is prohibitively expensive. Using 1990 cost figures, it would require a total education budget of R1.9 billion, or nearly 70% of the total 1990-91 GON budget, to equalize investments on a per pupil basis.

If, instead of replicating the expenditure per student in the white system, the strategy were to simply equalize budget outlays across all population groups, it is likely that majority schools would experience an increase in funding per student. Cycle and unit costs might go in the short run up and, if the increase were spent on investments which raised the quality of the education received by the child, majority students might be better off. Budget outlays or per-pupil expenditure in white and colored schools, however, would necessarily fall. The national reconciliation plan requires that in providing better services for the majority, the quality of services for no other group should be reduced.

Another major constraint to financing the investments necessary to improve the quality of primary education for the majority is the structure of the MOE budget. While education has claimed more budgetary resources than any other single expense category (MOE budget plus the MOE share of the total capital or infrastructure budget), the structure of the MOE budget itself is problematic. Nearly 75% of the total MOE budget is spent on personnel remuneration and an increasing portion of that amount is related to administration, not teaching. Only 25% of the total MOE budget (less than R120 million) is available to finance all other recurring cost expenditures plus non-capital investments (materials, supplies, training, curriculum development, etc.) across the entire education system.

The challenge, then, is to make efficiency-increasing investments across the board in the basic education system. Key to this is significant reductions in the rates of repetition, attrition, and failure in the majority schools. Given their starting point, the financing for most majority schools must necessarily increase. At the same time, efficiency-enhancing improvements that reduce cycle costs but retain quality in the minority schools must take place. For both minority and majority schools, the primary school system as it is currently constituted must be transformed.

d. Constraints to informed management and planning of the basic education system. A key ingredient to planning and managing an educational system is an institutional base from which to: evaluate the effectiveness and efficiency of

2/11

the system in delivering quality educational services; identify problems and need for changes to the system; develop appropriate responses to problems; and, effect and assess modifications. While the MOE benefits from strong technical personnel, institutional capacities, administrative procedures, and financial base, it has never had to develop the capacity to develop and modify the substantive aspects of education. Curricula, texts and materials, and the examination system, have been imported since Namibia's founding.

Two areas of notable weakness to developing this capacity are:

(1) Data Collection and Evaluation. Much relevant and reliable data describing the country's educational system exist, but they are not at present being used. In some instances the mode of data storage doesn't lend itself to continuing statistical treatment, cross-tabulations, and other information analyses that would better inform and guide decision-making and policy analysis. Presently, the MOE data sets are being expanded and revised to allow for more useful and detailed analyses by level and type of education. Given that it is about as easy to collect good data as bad, the expansion and improvement of the educational management information system (EMIS) should receive continuing attention.

(2) Basic and Applied Research. There is no indication that applied or basic educational research was an interest in the former colonial education administration. Research-derived educational innovations in use in other countries are not in evidence in Namibia with the exception of some computer-assisted instruction. Experimentation with new teaching/learning processes is particularly important if the government's aim of creating an effective and accessible system of education is to be realized. The unique and widely variant conditions of schooling found in the nation make research directed at finding new, more effective instructional processes and products especially critical. In order to guide decision and policy-making, such research must be rigorous, well controlled, and relevant for real schools.

Institutionally, Namibia is ill-prepared to initiate priority research projects in short order. The National Institute for Educational Development (NIED) is just being formed and the University has no history of basic or applied educational research.

Another important institutional impediment to education management is the history of 11 separate ethnic authorities, each responsible for the separate education of a district social group. A uniform education system cannot be achieved so long as these separate authorities exist. However, even after they are unified, decentralized functions relating to local innovation and local initiatives will have to be maintained. Moreover, the regional administrative structures may be too top heavy and rely too heavily on traditional subject advisors to allow much innovation and flexibility. The insufficient numbers of highly trained and experienced policy analysts, planners, and other

senior education professionals outside the urban areas also inhibit local initiatives to adapt educational products to local circumstances.

Finally, certain highly specialized education skills are nearly nonexistent in Namibia. Instructional design specialists, media developers specializing in low cost materials, and applied educational researchers will be required in the short run and trained over the longer term.

e. Other Constraints. Access to primary education is inhibited in some areas by the long distances between schools. The placement of schools far apart is a result of two factors: rural populations are highly dispersed and the primary school curriculum, as currently constructed, requires ten teachers to deliver. Economies of scale thus dictate centralized schools. In sparsely populated rural areas this may result in schools placed as many as 150 kms. apart.

School boarding fees may also inhibit enrollment, especially for younger siblings of school goers. Many of the centralized schools have boarding hostels associated with them. While fees are generally regarded as "reasonable", there clearly exist some low income families for which they are prohibitive. Even for middle-income families they may become prohibitive for second, third and fourth children of the same family.

In other areas, basic education infrastructure is inadequate, in need of rehabilitation, or nonexistent. Two types of local primary schools currently exist in rural areas: the brick classrooms built to Government specifications costing R80,000 for a two classroom unit and the stick and mud locally-constructed classrooms costing R700 - R1000 for a two classroom unit. The former may be an ideal standard and the latter may be an unavoidable short-term compromise; however, some intermediate cost facility should be considered to allow for more rapid access to be accomplished within projected budgetary levels. Also, a major part of new facilities construction in the next decade will take place in the least developed areas of Namibia. The effect of this on unit construction costs will have to be carefully considered.

4. Detailed Program Description.

a. Program Strategy. To achieve the overall objective of this Program, the GON will undertake a major effort beginning in March 1991 to restructure its basic education system. The activities required to effect this restructuring consist of: policy reforms; budget reforms; institutional development and strengthening; the design and introduction of new educational technologies; the enhancement of management capacities; and considerable effort at building a national consensus around the new primary education system. Together, these activities will eliminate or reduce the constraints outlined above. The activities are grouped into four categories presented as supporting objectives designed to: (a) improve the quality of basic education systems; (b) increase the quality and supply of basic education textbooks and other instructional

28
24

materials; (c) establish a rational and equitable financial resource base; and, (d) enhance the institutional and professional capacity of Namibian educators to plan and manage the basic education system.

b. Program Activities.

(1) Program Component A: To improve the quality of Namibia's basic education system. Under this program activity, the GON will develop a model of an efficient educational system, modify the primary school curriculum, improve its teachers, and adjust its approach to student assessment.

(a) A Model of Basic Education. The MOE will establish a model of an effective basic education system. The purpose of this model will be not only to project enrollments, costs, teacher requirements, and resource/infrastructure needs, but also to model the relationship between inputs, processes, outputs, and outcomes. These relationships will help educators in the ministry and the regional education authorities (REAs) identify and implement effective practices and inputs, and monitor progress in the achievement of systemwide objectives.

(b) Curriculum Reform. A key subsystem in the Namibian basic education program that needs thorough reform is the curriculum. The steps to designing a new Namibian curriculum will include the establishment of overall learning goals and specific goals for each grade and for each subject area, consensus among interested parties from all demographic groups on these objectives, systematic articulation of the curricular objectives across grade and schooling levels, integration of the curricular objectives across subject areas; and, overall, an emphasis on empirical development for a learner-centered curriculum relevant to Namibian children in all parts of the country. This baseline national curriculum will be supplemented by additional curricula developed in local and regional settings to support specific interests in each of these areas. A separate activity that follows curriculum development is the production of a set of Namibian syllabi. By the third year of the Basic Education Program, the curricular objectives should be vetted nationwide and a national consensus should be reached that supports this baseline Namibian curriculum. Before the sixth year, the first draft of a complete syllabus for each grade and each subject area should be completed. By the seventh year of the government's reform program, the new syllabus materials should be produced and distributed nationwide.

(c) Teacher Training. The third subsystem to be reformed is teacher training, including preservice education, inservice education, and upgrading. Currently, teacher certification is a function of a high level of academic attainment that appears beyond the reach of most Namibian teachers. By identifying and developing those teacher characteristics, including subject knowledge and teaching skills, that effectively raise student achievement, the program will improve the performance of the education system. To begin this,

the MOE will plan a comprehensive study of teacher effectiveness and plan a teacher upgrading program before the second year. The GON will also establish teacher training targets at that time. Before the second year, the GON will assure that inservice support to teachers in regional centers is established. Before the third year of the program, the teacher effectiveness study should be completed, with its accompanying recommendations for improved teacher certification stated. Also, teacher upgrading should have begun in the three northern provinces by this point in time. Finally, before the sixth year, a plan to integrate the new Namibian syllabus in all types of teacher training will be completed. Other donors are expected to directly finance many of the teacher training activities identified in GON's teacher training plan.

(d) Student Assessment Mechanisms. An effective education program for all Namibian children requires a fundamental restructuring of student examinations and assessment. The system is currently oriented toward selecting a few very successful students, and failing to educate the majority. The reform program intends to alter the purpose of assessment to one that supports learning by assessing student achievement at all levels, diagnosing learning problems, and informing teachers with strategies to overcome these learning constraints.

During the first year of the program, the desired learning outcomes will be defined and a baseline survey of student achievement will be completed. The purpose of this baseline is to give educators a sense of the level of learning currently achieved by Namibian primary school students nationwide. Before the second year of the program, the GON will submit a plan for an improved student learning assessment system. The government will also identify steps and set targets for the implementation of the new system. The medium-term outcome will be new assessment systems in place and in use, operated out of NIED.

(2) Program Component B: To increase the supply of basic education textbooks and other instructional materials. Under this activity the GON will distribute new textbooks for use in primary schools over the short run and, later, produce and distribute textbooks and other instructional materials compatible with a new Namibian curriculum and syllabus.

(a) New Textbooks Immediately. There is a critical need to get new textbooks into the schools in the short term, both to replace the inappropriate books imported from South Africa and to provide textbooks to children who have had little or no access to them in the past. This subcomponent will select and distribute donated high-quality textbooks in key subjects (mathematics, science, and English as a Second Language) for all children in every region. This will contribute directly to raising school quality during the initial years of the reform, prior to the availability of the new syllabus and the new curricular materials. Before the second year, the GON will complete a national survey of textbooks in use by children in all regions to assess the viability of texts currently in use. At this time, a plan of textbook replacement and distribution will be completed by a broad-based textbook selection and procurement

committee. Moreover, a textbook distribution plan will be completed and targets for textbook distribution will be established at this time. Finally, the GON will complete a plan on how to make use of the learning resource centers for textbook distribution.

(b) Create and Publish Namibian Textbooks. After the curriculum is designed and syllabus documents are published, a plan for the production of textbooks based on the new syllabus will need to be drafted. This plan should be completed by the end of the fourth year of the program, along with an implementation plan for writing and publishing new textbooks that utilize the Namibian curriculum.

(3) Program Component C: To establish a rational and equitable financial resource base for the sustainable delivery of quality educational services. As part of this program component, the GON will modify the structure of the government budget to support the new basic educational system. It will ensure that the share of GON budgetary resources is sufficient to reform and sustain a higher quality primary education system for all Namibian children.

(a) Maintain an Adequate Recurrent Budget Share for Education Programs Overall. This program area is designed to assure that MOE's relative share of the GON's recurrent budget is sufficient to sustain the sector reform in the short term, and an improved basic education system in the medium to long term. To achieve this objective, the MOE needs to establish, by the end of the first year, budget targets for financing of the education reform program. Further, conditionality will require that the GON's education budget share is at least equal to previous year's budget share. Also, the GON will undertake a study to identify a sufficient resource base for a sustainable primary education system. By the end of the second year, budget targets will be set by the MOE in agreement with Ministry of Finance.

(b) Assure an Adequate Recurrent Budget Share for Primary Education in the MOE Budget. The purpose of this policy-based activity is to assure that the basic education system's relative share of GON's education recurrent budget is sufficient to support and sustain the reform program in the short term and a quality basic education system in the medium to long term. Before the first year of the program, the GON will agree to analyze education expenditures and to set up a basic education expenditure tracking system. By the end of the first year, the GON will submit a thorough, programmatic analysis of basic educational expenditures. It will also have in place a basic education expenditure tracking system, with program categories that aggregate to correspond with the MOE budget. In addition, the GON will have set specific targets on the allocation of basic education expenditures by teacher salaries, instructional materials, administrative expenses, and more detailed procurement categories associated with the reform (i.e., technical assistance, training, commodities).

(c) Assure Affordability and Sustainability. The purpose of this program activity is to ensure that the GON establishes a basic education system that is affordable in the short term and sustainable in the medium term. By the end of the first year the GON will complete a study that establishes the criteria for a Fundamental Quality Level (FQL) primary school. The GON will also identify the means of measuring which students have access to this standard, plan a training program, and initiate training for MOE staff to measure FQL school standards based on these established means. Finally, the GON will begin a baseline study of FQL school standards. Before the end of the second year, the FQL school standards baseline study will be completed. At this time, FQL targets for each region established by the GON. Finally, the GON will appraise the costs necessary to meet these targets.

(4) Program Component D: To enhance the institutional and senior professional capacity of Namibian educators to plan and manage an improved quality basic education system.

(a) Unifying the National Education System. This first activity ensure that the GON integrates the 11 separate education authorities into a unified, national primary administrative system by abolishing the Representative Authorities Act. This will create a Central Ministry of Education.

Before the second year, the objectives for system wide administrative reform will be set. By year three, the GON will initiate administrative integration between central and regional units, which will be completed within the next four or five years.

(b) Establish an MOE Reform Committee. The MOE will designate a basic education reform committee to direct the reform and monitor the reform. MOE will, by the second year, establish a functioning network of National, Regional, and District level Advisory Committees on Educational Policies which includes representation of PVOs, the private sector, and community organizations. The MOE will also complete a study on how to more effectively utilize private and community resources in the provision of basic resources. In the fourth year of the program the MOE will produce a listing of private, community, and parent associations that actively support basic education.

(c) Establish a Donor Coordination Committee. The MOE will establish a basic education technical level donor coordination committee chaired by the MOE.

(d) A Namibian Education Management Information System. The purpose of this activity is to assure that a Namibian Education Management Information System (EMIS) is implemented to monitor progress towards reform goals. By the end of the first year, the GON will conduct an initial baseline assessment of cycle time, cycle cost, educational achievement,

and completion and transition rates, with data disaggregated by region. This baseline may be conducted as a sample survey and may also include measures of the textbook distribution, the number of pupils dropping out, their frequency of attendance, repetitions, multiple entry, and multiple repetitions, class size, and classroom conditions. The EMIS should be operational by the end of the second year of the program.

(e) Establish the National Institute for Educational Development. In this program activity, the GON will establish and institutionalize NIED, an institute for planning and directing the reform effort and for planning, managing, and improving the Namibian basic education system. By the second year, the following actions will be taken:

- all units identified,
- temporary technical experts recruited,
- staff development plan completed,
- plan for phasing in of operations completed; and
- the curriculum and teacher training units are operational.

The NIED should, by the fourth year, complete studies of teacher effectiveness, class size, cycle costs, and retention policies.

(f) Namibianization of the Faculty of Education. The purpose of this activity is to enhance the capacity of the University of Namibia, faculty of education, to undertake research and analysis and the training of teacher educators in basic education. The first step in this activity, before the second year, is for the Government to complete a plan for Namibianization of the education research faculty and the teacher training faculty in the University. Training in fields identified in the plan should also begin by the second year. begun. In the third year, the GON should will a broad plan for the development of the faculty of education linked to the reform and the higher education report. The GON should also establish targets for the Namibianization of the Faculty of education at this time.

c. Project Activities. The total financing approved for this basic education reform program includes funding for a small project. The purpose of the Basic Education Support project (673-0006) is to support the monitoring, evaluation and audit activities of the Namibia Basic Education Reform Program (673-0003). The rationale for this project assistance is to ensure that funding is available for oversight activities which must be executed outside of the Government of Namibia. To ensure objectivity in the monitoring, evaluation, and audit of the overall reform program, A.I.D. will contract for and manage directly the following activities:

1. Support to Monitoring. Under this activity, the Mission will contract for the services of a local hire education officer whose primary responsibility will be to track GON compliance with the annual implementation plan that has been established. The officer will facilitate communication

between the MOE and help to identify additional sources of program implementation assistance that might be contracted directly by the GON as needed. On an annual basis, the officer will review the GON's progress in implementing the program, review the adequacy of the following year's Letter of Intent, and recommend to USAID/Windhoek whether a disbursement should go forward.

2. Evaluation Support. Two independent evaluations of the Basic Education Reform Program will be conducted prior to the end of the Program. A project component will finance independent contract assistance to participate in those evaluations. In addition, to complete the necessary data collection effort to establish a preliminary baseline, project resources will be required to assist in a limited sample survey during 1991. This survey will collect student performance/achievement data of various types at select grade levels. The survey will also serve the purpose of informing the development of the education management information system (EMIS).

3. Audit Arrangements. The Mission will contract for two independent nonfederal audits during the life of the Basic Education Reform Program (673-0003). Funds available under the project component will finance these audits. The main purpose of the audits will be to ensure that USG dollar assistance was appropriately received and confirmed by the Grantee and that required counterpart funding was made available on a timely basis and for the agreed-upon purposes.

4. Project Budget. Detailed financial plan tables are included in Attachment O and the DFA Procurement Plan applicable to project assistance is included as Attachment P. The procurement plan indicates the types of contract and disbursement mechanisms proposed for the project component. As indicated, competitive requirements in the identification and selection of contractors will be met. The participation of small business concerns, small and disadvantaged business concerns, and women-owned small businesses as contractors or subcontractors will be encouraged to the maximum extent practicable.

A summary financial plan for the projectized component is presented below:

Table V
(**\$000**)
Summary Financial Plan (673-0006)

<u>Project Component</u>	<u>DFA</u>	<u>GON</u>	<u>Total</u>
1. Monitoring	150		150
2. Evaluation	250		250
3. Non-Federal Audit	100		100
<u>TOTAL</u>	<u>500</u>		<u>500</u>

34
35

Table VI, below, presents the anticipated disbursement schedule for A.I.D. funds under the basic education support project:

Table VI
(\$000)
Anticipated Disbursement Schedule

Project Component	1991	1992	1993	1994	1995	1996
1. Monitoring	25	25	25	25	25	25
2. Evaluation	50			100		100
3. Non-Fed Audit				50		50
Total A.I.D.	75	25	25	175	25	175

5. Assumptions Analysis. There are several factors crucial to the reform of the basic education sector that are clearly beyond the control of this Program.

a. The Economic Environment. The success of the GON's development strategy is fundamental to its ability to manage its budget deficit. However, that success is dependent on several exogenous factors. In the short run, what happens in South Africa will clearly have an impact on Namibia's financial position. As long as Namibia is within the Rand Monetary Union, it has little control over its monetary position. It will not have much ability to raise substantial deficit financing on the small Namibian capital market. At the same time, the monetary and balance of payments situation of South Africa itself will greatly influence Namibia's ability to attract foreign investment necessary to implement its development strategy.

Over the longer-run, the success of Namibia's development strategy and its ability to achieve and maintain substantial economic growth will depend once again on South Africa. Namibia is dependent on South Africa for its imports and it is dependent on the market in South Africa for its exports. Maintaining healthy markets in South Africa through a peaceful transition to majority rule will be crucial to Namibia's growth prospects.

b. The Political Environment. At independence, the expectations of majority Namibians were for a better quality life. Namibia's economic reliance on South Africa has not diminished. The white minority is living as well today as it did prior to independence and the majority is as poor as it was at independence. While Namibia is to be commended for having avoided many of the quick, highly visible and radical responses to poverty often used by newly independent countries, one cannot help but wonder how long the majority will wait before it demands results.

Even the Program proposed herein relies on a participatory, consensus approach to educational reform. It will require time to design and introduce, and even more time to achieve results. While indications are that the participation of communities and nongovernmental organizations in the design and implementation of the reform will gain their support for and commitment to the

process, progress in other aspects of economic and social reform are clearly outside the purview of this Program. Yet, progress or lack thereof in those other areas may substantially influence the shape of the educational reform.

B. Anticipated Program Impact. The basic education reform program is not a short-term undertaking with an immediately recognizable set of impacts. Rather, a sustainable and comprehensive education reform will require substantial commitment on the part of the government. Perhaps more important than government commitment will be widespread societal support for reform. Considering the fact that children from all population groups and in all geographic areas will be affected by the reform process and program, and should have access to the benefits that are likely to result from the reform, widespread consensus is one of the necessary conditions for successful design and implementation. Consequently, the anticipated program impacts at the student level, particularly the output and outcome indicators, will have to be assessed in terms of progress towards longer term targets.

1. People Level Impact Indicators. There are still a number of broad changes which will be achieved over the medium term (i.e., by 2001) but which are beyond the immediate scope of the A.I.D. program itself. These are:

a. 80 percent of the children who finish the first year of primary school successfully complete.

b. The average time it takes a child to complete primary school will decrease by 20%, from about 11 to nine years.

c. The average cost of a child's primary school education will decrease by 15%; from approximately \$5,100 to \$4,300 per primary school graduate.

d. At least 60 percent of all primary school students in the country will be in schools which meet minimum quality standards, as defined by student achievement levels or by a set of minimal input levels and infrastructure requirements.

It is not anticipated that these outcomes will be fully achieved by the end of the Program, September 1996. Rather the end of program status indicates a significant level of quantified progress toward these objectives. That level of progress is defined as sufficient to render the quantified program benefits statistically positive.

2. System Level Impact. Underlying its anticipated impact on student level outcomes are the substantial and comprehensive changes that the A.I.D. Basic Education Reform Program is expected to produce in the pedagogical systems, instructional inputs, financing systems, and institutions and professional capacity that have a direct impact on student

outcomes. Specifically, the program is designed to produce the following changes:

a. Pedagogical Systems. The program will facilitate the development and implementation of:

- (1) a planning model for managing and monitoring progress in basic education provision;
- (2) a new Namibian curriculum and syllabus for basic education, to replace the Cape curriculum;
- (3) new systems for teacher training, with training programs designed to support effective teaching practices in the Namibian contexts;
- (4) a new student assessment system designed to help teachers teach effectively to all segments of the Namibian student population.

b. Instructional Inputs. With regard to the quality and quantity of textbooks, it is anticipated that the A.I.D. program will result in the following impacts:

- (1) new textbooks will be in the hands of students in all regions within the first few years of the program;
- (2) the production, publication, and dissemination of new Namibian textbooks, designed to follow the new syllabus, will be underway by the end of the A.I.D. program, with at least 60% of the schools in each region receiving the new textbooks for the first and second grade levels by the tenth year after program initiation.

c. Financing Systems. The Namibian MOE and Ministry of Finance will be working together to set and attain financing targets for education overall and for primary education in particular. A disaggregated primary education financing monitoring system will be operating out of the MOE to assist these ministries, and a system to identify Fundamental Quality Level (FQL) schools will be functioning. Targets for increasing the number of FQL schools, and for assuring financing to support FQL schools will also be established, monitored, and achieved with ten years of program initiation.

d. Institutional and Professional Capacity. Anticipated institutional changes include:

- (1) the unification and integration of the Regional Education Authorities (REAs), with equitable staff distribution in each REA;
- (2) ongoing vertical and horizontal collaboration among the various stakeholders to assure consensus on educational reform and long-term sustainability of an improved system. Active participants in the process shall include NGOs,

31
38

private and community associations, DEAs, district education officials, and the MOE;

(3) the activation of a donor technical coordination committee to assure integrated assistance to basic education reform;

(4) the development and implementation of an Education Management Information System to monitor systemwide and student-level performance. Periodic assessments of student achievement, including a baseline measure, will also result from this activity;

(5) the establishment and institutionalization of the National Institute for Educational Development (NIED). NIED will be adequately staffed and institutionally integrated to operate as the lead agent in the analysis, planning, implementation, monitoring, and evaluation of education program development and reform.

(6) an enhanced and Namibianized faculty of education in the University of Namibia. This faculty will be responsible for operating education programs in areas such as teacher educator training, educational research, testing and measurement, teacher assessment, and applied linguistics.

In the logic of the A.I.D. program design (see Attachment A), these four sets of achievable changes are the necessary and sufficient conditions to produce the student-level impacts described in Section 1, above.

The Monitoring and Impact Assessment Plan describes the specific indicators that A.I.D. will monitor to assure that progress is being made with regard to the overall objective and that the components of these indicators are being monitored and are contributing to the achievement of the overall objectives.

IV. Major Analyses.

A. Economic Analysis Summary. The economic analysis for the Program is based upon a cost-benefit analysis of the educational reforms presented in Attachment F. Benefits are estimated in terms of the resource savings to the Ministry of Education due to the increased efficiencies to be generated by the reforms. The costs are composed of opportunity costs of the NPA funds, direct costs of GON and USG funded project activities, and costs of financing the additional domestic debt generated resulting from A.I.D.'s requirement to not decrease the budgetary share of the Ministry of Education. The reforms being proposed under this Program are expected to generate a 30% increase in the educational system's efficiency. It is assumed that these efficiency increases are phased in from year two to year ten of the Program.

Table VII presents the values of the Net Discounted Benefits (NDB), Internal Rate of Return (IRR) and Minimum Efficiency Increase for Cost/Benefit Balance (MEIB) for the base case values of the variables and parameters for program years seven (7), ten (10), and twenty (20). Due to the time lag in realizing the program's benefits, net benefits are negative until year six (6) when a small positive net benefit first results. The program still exhibits a negative net present value by year seven (7), the end-of-program. This negative NDB implies an IRR of -30 percent. If the Program were required to breakeven by the end of year seven (7), the overall end-of-program efficiency increase would have to be 45 percent, i.e., 50 percent higher than expected.

TABLE VII. Values of Net Discounted Benefits (NDB), Internal Rate of Return (IRR) and the Minimum Efficiency Increase Necessary for Breakeven (MEIB) for the Base Case

Measure	Base Case Values		
	Year 7	Year 10	Year 20
Net Discounted Benefits (Rand millions)	-84.914	15.345	245.961
(US\$ millions)	-26.536	4.785	76.863
Internal Rate of Return	- 30.3%	12.7%	26.0%
Minimum Percentage Efficiency Increase to Breakeven	44.8%	28.8%	20.7%

By year ten (10), the cumulative build-up of net benefits finally results in a positive value for NDB of R15.3 million or US\$4.8 million which represents a 12.7 percent IRR. By year twenty (20), the NDB totals US\$77 million, the IRR is 26.0 percent, and the program would require a 20.7 percent increase in efficiency to breakeven.

Table VIII shows the effects of changes in the timing of achieving the benefits on the three performance measures used in the analysis. These results illustrate the economic implications of delays in Program implementation which would result in the delayed achievement of the Program's benefits. For example, a lag or delay of one year implies that the Program would no longer exhibit a positive NDB or IRR in year ten (10). With a two year lag or delay, the Program will still show a positive NDB by year twenty (20), but the IRR will have been reduced to 13.1%. While the results of a three year lag are not shown, such a delay would imply that the Program would not show positive net discounted benefits by year twenty (20) if the expected efficiency increase from the Program remained constant at 30 percent.

These results also illustrate why monitoring the Program's actual implementation and effects will be absolutely crucial. Namely,

delays in implementation can be expected to result in a significant degradation of the Program's economic benefits.

TABLE VIII. Comparison of Program Performance With Original Achievement Schedule and Lags of One and Two Years

<u>Performance Measure:</u>	<u>Original</u>	<u>Lag One Year</u>	<u>Lag Two Years</u>
Year 7			
NDB	- 84.914	-154.107	- 204.649
IRR	- 30.3%	- 78.9%	n.a.
MEIB	44.8%	75.0%	147.5%
Year 10			
NDB	15.345	- 80.508	- 161.456
IRR	12.7%	- 3.6%	- 19.1%
MEIB	28.8%	38.7%	54.6%
Year 20			
NDB	245.961	150.108	62.969
IRR	26.0%	18.1%	13.1%
MEIB	20.7%	23.5%	26.9%

B. Socio-Cultural Analysis. The major beneficiaries of the Namibia Basic Education Reform Program are the majority children who will have more equitable access to a quality education providing them with skills and knowledge to allow them to realize their potential. Over the six year length of Program, a broad range of stakeholders will be affected: pupils, parents, communities, church groups, teachers, principals, regional and head office education officials, teaching college staff, and professionals at institutions such as NIED and The Academy.

The central social issue is the level of social inequity present in the society. As a result of apartheid, independent Namibia consists of two separate societies: the modern society composed of citizens who are well educated, fully employed and better paid, and the non-white majority which is largely illiterate or semi-literate, unskilled, frequently unemployed and impoverished. The education system both reflects this dichotomy and offers a way to address it.

Reform of the educational system is seen as a major means for promoting harmony among diverse ethnic and racial groups. The challenge is to build a national identity without stifling or denying the cultural richness of the various ethnic groups.

1. Social Inequities. The major dimensions of educational equity issues discussed below are access, retention

and repetition, availability of inputs, and educational outcomes. Initial access to an institution providing basic education services does not appear to be a problem, either overall or when disaggregated by gender. The quality of the education received and the ability of schools to retain and process students efficiently is the problem addressed by the program. Expanding infrastructure is a less important activity and figures low on the priority list of constraints facing the education sector.

Among the potential issues, is the overage school population: is it a function of late access, disruption of schooling due to the war, and/or high repetition rates? While there is no evidence that overage enrollment differentially affects females in Namibia, the situation needs to be monitored. With the influx of returnees into schools, the proportion of overage students will remain constant or even increase until that cohort progresses through the system. Clearly this poses a serious pedagogical and administrative challenge.

Second, attrition rates vary considerably across regions. The separate administrations for Kavangos and Owambos have suffered the worst attrition, with 30-40% being lost between the first and second years of schooling.

Third, the inequitable use of available resources combined with the underfunding of schools produces significant quality differences. The mismatch between teaching materials and teachers' skills further exacerbates regional quality differences. Finally, educational outcomes, as measured by examination pass rates, exhibit patterns of considerable disparities.

2. Community Participation in the Reform Process. There is concern that with the integration of the eleven separate representative authorities into a single, uniform system there will be an attempt to homogenize the ethnic and cultural identities which were purposefully promoted under the apartheid system. The Government's response to such concerns is two-fold. First, there never was much "ownership" of the education system under the former ethnic authorities. Officials in the regional authorities were not accountable to parents and communities. There was no responsiveness in the structure. Second, in the former ethnic-based education systems, all syllabi, curriculum, and materials were imported. The portrayals of African cultures were very limited and geared to restricted horizons of African pupils. That said, both the GON and A.I.D. are very aware of the need to ensure that communities participate fully in the design and implementation of the reform of basic education. Much of the interview and analytical work that went into this PAAD involved local community and parent representatives. As the process of reform begins, the program will sponsor both national and community level workshops to ensure participation. Finally, a committee for educational reform composed of nongovernmental national and community representatives as well as involved government leaders will be constituted to provide feedback and ideas to the reform process.

3. The Teachers' Perspectives. Teachers are principal stakeholders in the reform. A major concern of the teaching force is the change to English as the medium of instruction. With the majority of teachers without sufficient training, they feel even more vulnerable faced with the prospect of teaching in a language in which they are not fluent. The Ministry of Education can expect continued pressure for teacher upgrading and for expansion of teacher training, particularly in the north and for secondary teacher certification. The MOE is unlikely to be able to move fast enough to satisfy all such demands and will find itself faced with difficult budget choices.

The extent of the effort required for retraining is an issue. For the most part, primary teachers have only been exposed to the Namibian education system. Even those teachers who have been trained and those who are certified are still products of the colonial Namibian teacher training system. "Qualification" under the existing system of certification does not imply experience with or commitment to the new curriculum emphases, classroom practices and local school management of the reform program. Rather it probably predicts resistance, since to succeed in the system to the extent that trained teachers have, required some acceptance of the assumptions underlying it. It will not be easy to reorient teachers to learner-centered methods of schooling, having only been exposed to and succeeded in a teacher-centered system which assumes that many children cannot and will not learn.

It will also be a formidable challenge for the GON to respond to the pressures for teacher training without getting ahead of the processes of curriculum reform and production of new instructional materials.

4. The Education Bureaucracy and Implications of Reform. The proposed administrative structure of the MOE unifies the Ministry, but does not seek to centralize all authority. Rather it will support the level of decentralization necessary to promote accountability and allow greater local participation. Those well served by the old system and favoring the status quo will resist, if not subvert, efforts to restructure the system. Opposition will come from black and white Namibians who benefit from current bureaucratic systems. The reform means a fundamental change in the way they do business.

Managing the implementation of the reform process requires both good management and full participation of relevant stakeholders who must understand the tradeoffs and choices involved in any comprehensive change. The degree to which it is administratively or technically feasible to implement key elements of the reform at the pace demanded by the MOE and beneficiaries is a major issue. Some aspects may be politically feasible but not educationally feasible or fully consistent with other aspects of the reform. The pace of teacher retraining and the changes in school finances, for example, may pose special difficulties.

C. Political Analysis. The political feasibility of the Program can be assessed by looking at what might be termed internal commitment and outside opposition, and at the chances of reconciling the significant differences between these. The Program will require the commitment of the Government of Namibia to the education reform objectives and to the process of implementing those reforms. It is the purpose of the political analysis to assess the depth and extent of any organized political opposition to the reforms, and to make an informed judgement as to the likelihood that such opposition could derail the reform process or, alternatively, could be incorporated into the process to enrich the Program.

1. Assessing the Government's Commitment. With broad agreement evidenced throughout the Government on the Program's objectives, the political will required to bring into play the range of existing administrative and technical competence seems assured at both the decision and implementation levels. Over the past year, A.I.D. has engaged in a dialogue with the Government of Namibia to define the focus and form of the proposed program of assistance in the education sector. This dialogue was greatly advanced by the A.I.D. Sector Review and has since intensified as negotiations surrounding a specific package of assistance have been conducted. The policy dialogue has proven decisive in achieving a consensus within the MOE and the MOF on the long range objectives of educational reform in the basic education sector. Likewise, the GON has come together to agree on the series of steps that have to be taken in order to reach these objectives. At the highest levels of the GON, A.I.D. is assured that there is a consensus.

That consensus will require strengthening, nurturing and expanding, however, if the Program is to achieve its full range of objectives on schedule. It is for this reason that the GON is expected to schedule a number of consensus-building activities during the early years of the Program.

2. Assessing the Extent of the Opposition. Any potential or active opposition to the objectives and planned implementation course of the reform of basic education in Namibia will come from a disparate mix of political opposition parties, Namibia's teachers' unions, and nongovernmental organizations. Within an active multiparty democracy, a wide range of views clearly exists as to the course and speed of the changes that will be undertaken in Namibia. The ruling party, SWAPO, has to date proved itself very adept at negotiating strategic compromises while maintaining a focus upon and making headway towards achieving a multiracial society which offers equal social and economic opportunities.

Education is a sector of great political importance and will continue to be the focus of much of the debate over national objectives and the means to achieve them. Political parties and interest groups, ethnic groups within the country and those who have historic links to the social and governmental structures in South Africa have competing views on how to improve or maintain their position within the new Namibian society. Many of the viewpoints counter each other, and extremist positions appear

almost irreconcilable. The Government is prepared and appears able to hold the center; the strategy for the implementation of this Program gives ample evidence of the attention being given to, and the compromises which are being put in place to address the political issues.

Teacher unions play a secondary, albeit vocal and not disinterested role in participating in the process of educational reform. Members of Namibia's two teachers' unions have focussed most directly on those parts of the government's educational reform program which deal with the role of teachers as agents of change. The unions' position on specific points is generally determined by their affiliation with one or the other of the political parties, but carries with it an additional dimension of job security in a time of uncertainty.

The indigenous nongovernment organization community has four major areas of general concern with the national reform movement, some specifically with the Ministry of Education. It is (1) dissatisfied with the pace of reform; (2) critical of the donors setting the government's agenda; (3) concerned about the potential decline in financing for its activities; and (4) fearful of the potential loss of NGO autonomy.

3. Program Strategy for Responding to Criticism.

The government is prepared to respond to critics of the reform program, and has laid out a strategy for ensuring that alternative viewpoints receive a full hearing so as to enrich the reform process. The government plans to dispel suspicions of the substance and implications of the Program for different groups of Namibians by ensuring that a transparent and truly participatory reform process is put into place.

The Basic Educational Reform Program supports cultural pluralism through, inter alia, the development of new curricular materials which reflect Namibia's cultural diversity. It will also draw upon outside technical and substantive expertise. A consultative process has been initiated with members of the teachers' unions so as to avert complaints that their opinions have not been sought. Representatives of the NGO community have been invited to participate in drafting the reform blueprint and to attend an April 1991 workshop on policy reform. These initial steps will have to be followed up throughout the life of the Program in order to gain a measure of support from and participation by those who to date have been most critical of the objectives and means of the education reform movement in Namibia.

D. Institutional Analysis. To face the education reform challenge facing Namibia, institutional capacity will require strengthening. This discussion summarizes seven areas requiring attention and assesses the feasibility of the Government of Namibia's building those capacities over the life of the Program. The areas are: (1) overcoming isolation; (2) consolidation/unification; (3) centralization/decentralization; (4) accountability; (5) delegation of authority within institutions; (6) ensuring appropriate skill mix; and (7) horizontal linkages.

1. Overcoming Isolation. With little freedom and few resources to develop education institutions different from those of its colonial power, Namibia's current institutions have been operating in isolation from the rest of the world. Developments in other sub-Saharan countries and the world have gone unnoticed. Resistance took the form of private, independent school models both within Namibia and in exile. Today, as the Ministry of Education develops the blueprints for its reform program, it is borrowing from these institutional models, making use of returning Namibians exposed to other education systems, and drawing on the experiences of neighboring countries. The April 1991 Conference will further this effort through the participation of NGOs involved in independent schools as well as educational reformers from Botswana, Zimbabwe, Liberia, Lesotho, Korea, and the USA.

2. Consolidation/Unification. A major institutional challenge exists in the need to replace the eleven disparate systems of education based on race and ethnicity with a single, national system based on equity and efficiency. The MOE strategy for unification, while supporting cultural pluralism and variation in learning needs, is to establish a core curriculum and to encourage additional, regionally developed programs which respond to the pupil's individual environmental, cultural, and economic settings. Unifying the quality of resources available to this consolidated system requires expertise in research, curriculum development, textbook design and production, examination reform, and teacher training. Activities to be initiated and implemented by the Ministry as part of the Program will lead to the development of such institutions to fill these functions.

3. Centralization/Decentralization. A tension exists between the establishment of a central, uniform education system that serves the needs of independent Namibia, and the desire to keep authority as local as possible to promote greater responsiveness. Although the former ethnic administrations gave the illusion of decentralization, in fact a few central institutions set and enforced the policies and procedures throughout the country in a way which gave the regional administrations little real authority. These central institutions have deprived Namibians of information, organizational support, administrative responsiveness and responsibility at the local level.

The challenge today is to centralize those institutional roles necessary to assure unity of quality, equity of access, and efficiency in the use of resources, and to decentralize those which foster relevance and community ownership. This requires a redefinition of regional, central and school level institutions and the provision of education and training to make it happen. The MOE has already taken steps to develop linkages with NGOs skilled in providing educational services at the community level. The further development of such partnerships is planned, including the establishment of teacher resource centers in all six regions. The development of an educational management information system and associated capacity building in analysis,

45
46

planning and research will provide the human and institutional resources to monitor the national system and support regional decision making.

4. Accountability. Heretofore, education institutions in Namibia have been accountable to those above them, with regional institutions striving to please Windhoek and Windhoek answering to South Africa. For the reform program to work, institutions must change their point of reference and serve their local constituents. The entire administrative structure will need to be accountable. To encourage communities to demand accountability, the Ministry of Education will assist NGO efforts to build community ownership of the reform process. In teacher training, the Commission on Higher Education is evaluating The Academy and will recommend ways for it to become more responsive and accountable by developing partnerships with regional education institutions and the private sector. The Commission will also attend to the "Namibianization" of the faculty at The Academy, now mostly expatriate and somewhat aloof from the problems of nation building.

5. Delegation of Authority within Institutions. Most education institutions revolve around a single director who is often quite competent and experienced as a manager but unfamiliar with the merits of delegating authority. The manager has habitually served as a controlling authority rather than as a catalyst for innovation and improvement. The Ministry of Education recognizes this shortcoming in its central, regional and school administrative structures and will address it through training in organizational development and management and will explore mechanisms to encourage experimentation and innovation leading to ongoing reform.

6. Ensuring Appropriate Capacity/Skill Mix. Most educational institutions are top heavy with administrators and lack planners, researchers, evaluators and innovators. While the strong administrative capacity is essential, there are a number of technical and substantive areas needing significant expansion to allow successful implementation of the reform. Namibia is taking on many education functions that previously were done by South Africa--instructional systems design, materials design and production, and examination design and production. The Ministry recognizes the need to correct the balance of skill mix and will develop training capacity at the University of Namibia and at NIED in these areas.

7. Horizontal Linkages. To date, education institutions have worked in isolation from each other, with key support functions operating separately rather than in synergy. For example, there has been very little communication between The Academy, the MOE and the teacher training colleges. Both the creation of a unified, integrated basic education system and the addition of more support functions make cross-institutional communication critical. The Ministry recognizes this and mechanisms for building horizontal and vertical bridges will receive considerable attention as part of the government's plan to meet the objectives of the Program.

4/16
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The Government of Namibia is committed to institutional reform and recognizes the magnitude of the effort required. The Program objectives provide a framework within which the Ministry of Education can work to build the institutional and human analytic, managerial and technical capacities now missing but necessary for the long-term success of basic education reform.

2. Administrative Assessment. At independence, Namibia inherited a set of administrative organizations, processes and personnel that enabled the government to move swiftly and decisively to manage its new responsibilities. Both the World Bank and the United Nations have concluded that Namibia's public administration is one of the most highly developed in the world. Namibia is repeatedly characterized as a "first world" nation in this regard.

The focus of this brief assessment is on the question of whether the GON has the administrative capacity to implement the reform program as proposed for authorization. The main questions of such an analysis relate to the legal authority of the implementing institutions, the experience and capability of managers and staff to perform the tasks necessary to execute a reform program, and an assessment of the existence and adequacy of the procedures and controls in place which are required to implement the program. This latter area may encompass both procurement and financing procedures. However, since a separate general financial assessment of the GON's budgeting, accounting and control policies and procedures is the topic of the following section, only procurement will be discussed in this section. Information and analysis leading to the conclusions presented in this section are included in Attachments X, Y, and Z to this PAAD.

1. Legal Authorities. The National Planning Commission, which will serve as the official representative of the GON for this program, is established pursuant to Constitutional authority. Its role and powers are explicitly delineated as serving a coordinating function for foreign assistance. It is not expected to assume a substantive role in program implementation, a role reserved for the ministries receiving assistance.

The role and powers of the Ministry of Finance are drawn from those of the pre-independence "Department of Finance." Again, the functions of this Ministry are clearly outlined in the Constitution of the Republic. Given the integral part financing plays in the Program design, the Ministry of Finance is a central actor in the implementation of this Program. With the respect to budget execution, authorities between the Ministry of Finance and the Ministry of Education's finance department are well delineated and have been functioning well for many years. This is a major administrative advantage for this Program.

The Constitution requires that primary education be compulsory for all children to the age of 16. Furthermore, it requires that the State provide reasonable facilities to effect this right for all Namibians. The Ministry of Education is that arm of the State charged with this constitutional responsibility. The

47
48

Minister was chosen in accordance with Constitutional authorities.

The Constitution itself does not require the establishment of a Ministry of Education, but in its repeal of all laws associated with the apartheid system ("the Representative Authorities Proclamation"), it did have a profound effect on the type of organization that the central Ministry is adopting. It is anticipated that over the course of the next year (1991-92) a formal Act of Parliament will formalize a new structure for the Ministry as discussed below.

2. Management and Staff Experience and Capability. Though Namibia only became independent in March 1990, a separate government administration system was in place and functioning well prior to that time. In fact, Namibia inherited a large, fairly salaried civil service at independence. As part of the independence agreements, this civil service was guaranteed job and salary continuation. As a result, much of the personnel has remained and the basic centralized administrative functions of the Ministries of Finance and Education work smoothly and efficiently.

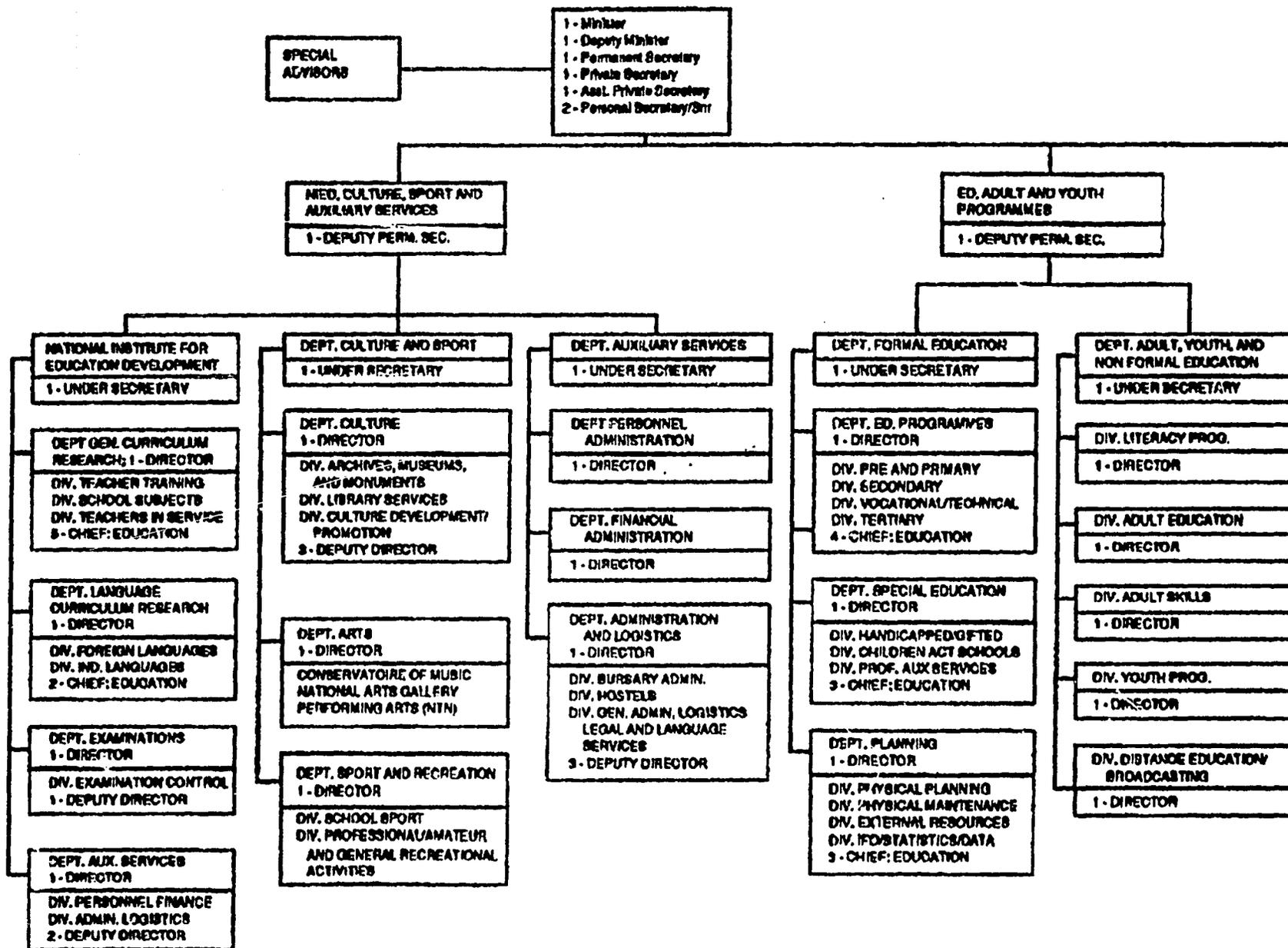
The Ministry of Education is represented in Figure 1. While many of the organizational units have changed names since independence and some restructuring has taken place, most centralized units were retained. Second level authorities, including all of the "representative authorities" were abolished upon independence. Some of the functions of those authorities and much of the staff were centralized and incorporated into the structure depicted in Figure 1.

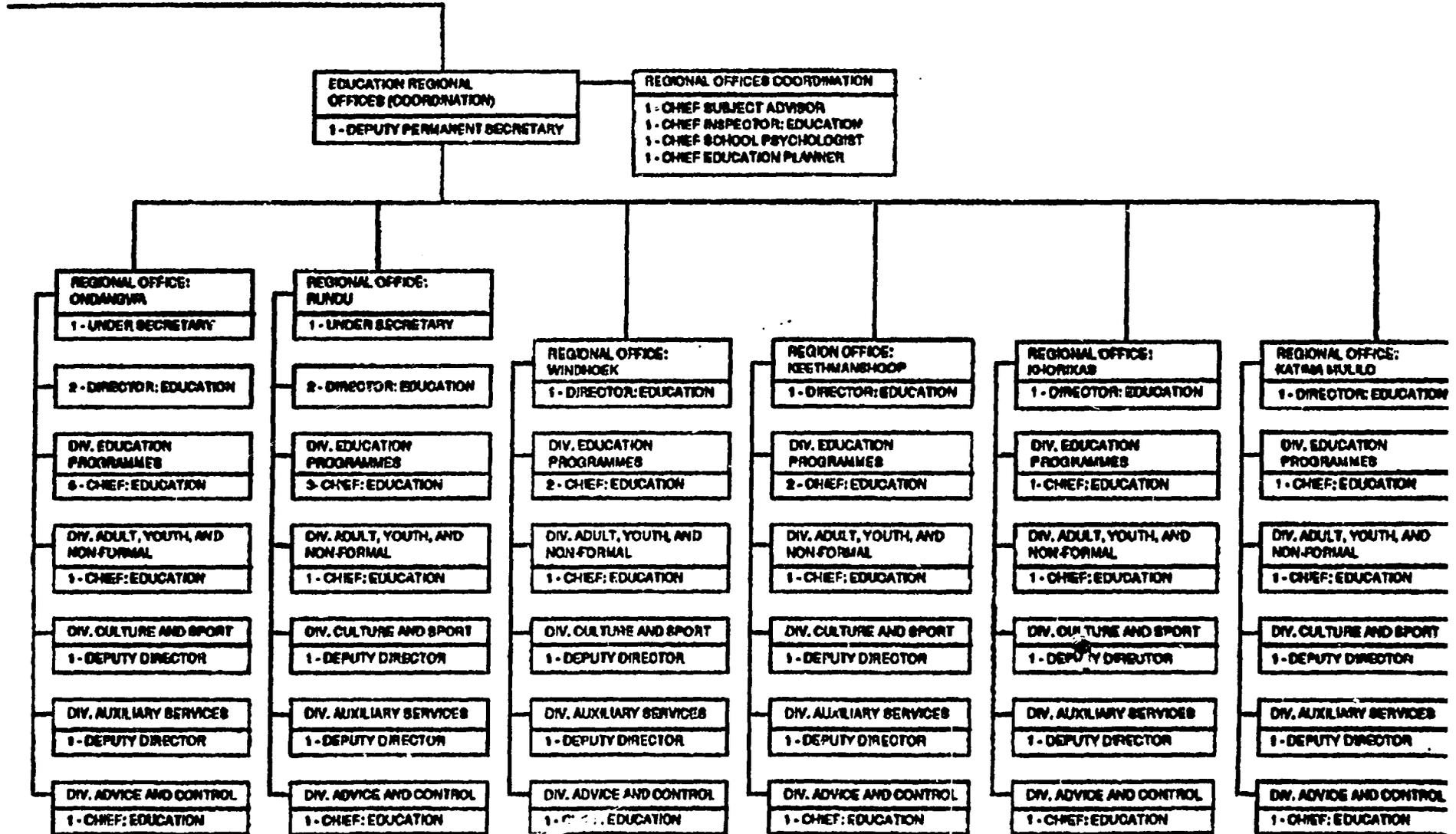
Even as the Ministry of Education is finalizing its own organizational structure, it must be recognized that new government structures continue to evolve in Namibia. The functional, institutional relationships, lines of authority and responsibilities will need to become clearer between the central government and the new regional councils. Likewise, the degree of centralization vs. decentralization of authorities and responsibilities within the State formal education system will require further clarification. Finally, working relationships between the Ministry of Education on the one hand and the private schools and the strong local NGO community that have historically played a strong role in providing basic education services will require further refinement.

Administrative relationships between organizational units of the GON, however, are not going through the same fundamental changes. Since the procedural relationship between the Ministries of Finance and Education are crucial to the success of this Program, it was subject to special scrutiny. Processes for establishing, implementing and accounting for that portion of the GON budget dedicated to the Ministry of Education were retained from the pre-independence period. Responsibilities are clearly defined and the organizational unit within the Ministry of Education responsible for budget preparation and oversight is viewed as a particularly strong one by Ministry of Finance personnel. Given that most of the staff responsible for implementing the

48
49

MINISTRY OF EDUCATION, CULTURE, YOUTH, AND SPORT





administrative procedures prior to independence have been retained, the operations side of budget implementation will continue to work smoothly. Assurance that these administrative support operations remain effective and efficient is important to the ultimate success of this Program and has enabled A.I.D. to determine that it does not need to directly manage the inputs necessary to effect the reforms supported under this Program. This is the major rationale for the limited amount of project assistance associated with this Program.

3. Procurement Procedures. There are well functioning procurement procedures in place within the GON. The link between budget authority and procurement is strong and operational. The procurement system includes provision for advertisement, acceptance and appraisal of offers, open award process, and independent oversight of the procurement process.

Briefly the procurement system works like this:

Following the initiation of a purchase by the requisitioning officer completing the Internal Requisition for Stores/Equipment/Services form, a line ministry's Finance Division must certify the availability of budget authorizations, and that ministry's Savings Committee, which requires the certification of budget authorization, examines the necessity and advisability of the request. Procurement of services and supplies in excess of R.4,000 must then pass through the Tender Board, which is located in the Ministry of Finance and which chooses between the bids tendered. Numerous items of general use by many ministries (e.g., petroleum) may also have to be purchased under the provisions of supply agreements entered into by the Tender Board with particular suppliers.

Based on the IMF Assessment and the A.I.D. Review of that Assessment, A.I.D. has determined that the procurement procedures in place in the GON which will effect the success of this Program operate smoothly. They provide a high degree of assurance that procurements are fairly tendered and that prices paid are reasonably and competitively determined. Finally, there is assurance of adequate oversight and control on the procurement process itself. The results of the analysis of the procurement system provided additional assurance to A.I.D. that it's direct management of the inputs necessary to effect the reforms supported under this program would be redundant to management capability which already exists within the GON.

F. Financial Assessment Summary. The A.I.D. program in Namibia will begin operations in FY 91. The Namibia Basic Education Program will be the centerpiece of all A.I.D. assistance to Namibia and will be the first bilateral assistance agreement signed between the United States and the GON.

There is no track record established for the handling of USG assistance by the GON. Because of this, A.I.D. chose to conduct a comprehensive General Assessment of methods of implementation

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52

and financing prior to approving the first bilateral program. That assessment and background study are included as Attachment L. The results of that Assessment have played a major role in determining the design of this Program.

The General Assessment focused on the adequacy of GON procedures for budgeting, accounting and controlling both revenue and expenditures of the GON. It benefitted from the conclusions of a comprehensive assessment conducted by a team associated with the International Monetary Fund that had been completed just weeks prior to A.I.D.'s General Assessment.

The major conclusions of the General Assessment are briefly listed below:

1. The budgeting, accounting and control procedures and capabilities of the GON are worthy of a high degree of confidence.
2. The funds request and management procedures that exist between the Ministry of Finance and the Ministry of Education are well developed, the respective staffs are sufficient in number and qualifications, and they are well versed in their tasks.
3. Appropriate oversight in funds management exists between the implementing ministries. The audit control exercised regularly by the independent Auditor-General's office, as augmented by private C.P.A firms, provides additional assurance that appropriate controls will be applied to assistance funds.
4. The automated data system with the software programs that have been developed and tested and are currently being installed to track donor financing provide an additional level of assurance that untied budgetary resources provided to the GON will be used for their intended purposes.
5. Requiring separate accounts in the disbursement and expenditure of foreign assistance funds is not possible under current GON financial regulations, and requiring such would likely reduce the effectiveness of the internal controls in place.

G. Initial Environmental Examination Conclusion.
AFR/PD has prepared an Initial Environmental Examination which has been approved by the Bureau Environmental Officer, with the clearance of General Counsel. The recommended and approved determination is for a Categorical Exclusion. The IEE is included as Annex C.

V. Program Implementation Arrangements.

A. Justification for Project and Nonproject Sector Assistance. Most of the USG assistance associated with the Namibia Basic Education Reform Program (\$35 million) will be nonproject sector assistance. The decision to provide nonproject rather than project resources was made only after careful

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determination that the constraints to be addressed, the capabilities of the Namibians to address those constraints, and the financial resource requirements of the GON justify a nonproject approach.

Handbook 4, Chapter 2 allows that nonproject assistance is justified when (1) "for urgent ... reasons a general transfer of resources is necessary to close serious resource gaps to meet ... objectives in which the United States has a special interest;" and, (2) "a need to remove a constraint or bottleneck resulting from nonavailability of resources." Finally, Africa Bureau Non-Project Sector Assistance Guidelines requires that DFA resources provided on a nonproject basis be dedicated to longer term sector development objectives rather than short term economic stabilization objectives more appropriately financed with ESF appropriations.

Namibia is about to end its fiscal year. Its fiscal deficit calculated within the last month is approximately R 212 million (US\$ 68.4 million). While this deficit is a "manageable" one, it could require extraordinary financing measures if it were to surpass R 200 million at the close of the fiscal year on March 31, 1991. Given its monetary dependence on the Republic of South Africa, if Namibia were required to borrow to finance its deficit, it would have to borrow on the South African capital market. The United States, which played a major role in negotiating the independence of Namibia with the Republic of South Africa, has a special interest in ensuring that Namibia's end of the year deficit does not exceed its own financing capabilities.

The objectives of the Namibia Basic Education Reform Program are long-term development objectives; yet the basic constraint faced by the Namibians in restructuring the education sector is financial rather than technical or administrative. As stated in Handbook 4, "development objectives generally can be obtained by the infusion of external resources if the economy and the institutions are sufficiently vigorous and effective." This forms the basis for A.I.D.'s belief that the nonproject approach is appropriate for the long-term development objectives of this Program. As demonstrated by the analyses completed as part of this Program design, Namibia is blessed with a civil service that is highly qualified, united in its desire to reform the formal education system, and administratively capable of identifying and procuring the goods and services required to implement reform. It also benefits from a relatively well-organized and supportive nongovernment education sector that has been very active in providing alternative education under the apartheid system and which is united in its desire to assist the GON to restructure the education system. Under these conditions, A.I.D. has determined that the long-term development objectives of this Program are appropriately addressed by providing that resource which the GON lacks to implement educational reform; i.e., financing.

B. Implementing the Policy Agenda. It shall be the responsibility of the GON to implement all aspects of the Basic Education Reform Program. It shall provide the financial

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resources necessary to effect all program actions in a timely manner, as outlined in the Policy Matrix, Attachment A. It shall provide all human resources necessary to implement the Program either from its own staff, other staff available to it, or through contract. It shall procure or otherwise provide all support necessary to all personnel involved in the implementation of the Program. The Grantee shall procure or otherwise provide all supplies, equipment and materials necessary to implement the Program. Capital investments necessary to meet the objectives of the Program shall be the responsibility of the Grantee. It shall also provide all resources necessary to undertake all studies related to program implementation and evaluation.

The primary role of A.I.D. will be to monitor the progress of the GON in achieving Program objectives, assess that progress and undertake sustained policy dialog related to that progress. It will do this on two levels. First, A.I.D. will monitor GON compliance with the conditionalities and the implementation plan for completing actions required to meet those conditionalities.

The monitoring of conditionalities will serve a dual purpose. It will enable A.I.D. to verify GON continued support of the basic education reform program and determine when it is appropriate to disburse additional funds. Second, it will identify and monitor significant outputs and progress toward program indicators that will contribute to the evaluation of the medium-term and longer-term impacts of the reform program. Tracking GON performance on conditionalities is not a substitute for evaluation, but a verification of GON fulfillment of minimum performance criteria agreed to prior to disbursement of funds. Nonetheless, much of the data collected to track GON fulfillment of conditionalities will serve as a data source for formative and summative evaluation objectives.

There are two means of assessing GON responsiveness to conditionalities. First, all policy, process, or programmatic conditions, such as budget allocations, institutionalization of particular organizational functions, and completion of studies, will require some written documentation to demonstrate that specified changes, actions, or processes have taken place or are in place. For example, the GON will present official decrees and/or laws to demonstrate the official establishment of institutions, or it will present budget appropriations, fee schedules, or financial statements, as appropriate, to show that an institution is sustainable.

Second, some of the lend themselves to progressive quantification over time. For example, the GON will set targets for a number of activities, including primary education budget allocations, teacher training activities, and textbook distribution. The program monitoring plan will track progress towards meeting these targets.

Collaboration between the Office of Education Management Information Systems in the NIED and A.I.D. will be critical to the success of conditionality monitoring. It is expected that disbursements under this Program will occur in February of each year, corresponding with the fourth quarter of GON's fiscal year.

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The reporting process will actually commence three months prior to this in November of the previous calendar year. The GON will supply the A.I.D. mission with the details on their meeting conditionalities. This will consist of a report outlining accomplishments regarding the reform program's implementation, problems that arose, plans for addressing these problems in the future, proposed targets for the next year that the GON agrees to meet for the next tranche release. This will give A.I.D. and the GON ample opportunity to allow the progress report to serve as a basis for substantive discussion of education policy as well as implementation of the specific program.

To assist the GON in meeting the conditionalities, the HRDO will meet regularly with appropriate GON personnel in order to monitor progress in fulfilling conditionalities and suggest solutions to constraints inhibiting implementation of the reform program.

C. Dollar Disbursement Management. USAID financing for the Namibia Basic Education Reform Program totals \$35,000,000 of nonproject sector assistance. This assistance will be provided in tranches as specific policy and institutional reform conditions are met. Assistance will be provided on a cash disbursement basis.

1. Cash Disbursement and CIP Considerations. In recommending a cash disbursement modality, the Mission in conjunction with the Africa Bureau considered the alternative of providing CIP financing. The CIP modality was determined inappropriate for the following reasons:

a. CIPs generally support programs where there is a balance of payments rationale. Namibia does not face a balance of payments constraint.

b. Importing commodities for sale in Namibia in order to generate local currency for budget support, an integral part of the program rationale, is a cumbersome and unacceptably indirect mechanism for providing budgetary resources. The large number of transactions involved increases the possibility that USG assistance would lose value.

c. CIPs are slower disbursing programs. Namibia has a demonstrated need for assistance in order to close the fiscal year early in CY 1991.

d. The CIP is an important modality for assistance delivery in countries where a general financial assessment indicates that the grantee government's budget, accounting, and control system is inadequate to account for USG assistance resources. That is not the case with the GON.

Another factor which influenced A.I.D.'s decision to propose a cash disbursement modality is the high degree of confidence A.I.D. has in the budgeting, accounting and control processes of the GON. A general financial assessment was conducted in the fall of 1990 by the IMF and reviewed and updated in February, 1991 by A.I.D. That review is included as Attachment L to this PAAD, and concludes that a high degree of confidence can be

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56

certified "subject to compliance with the systems and controls in place and the vigilance of the GON and USG audit authorities." In response to another concern of the General Assessment, this program design contains funding for a series of nonfederal audits and specific audit authorities of the USG will be included in the grant agreement.

2. Section 575(b)(1) Exemption. Section 575(b)(1) of the 1991 Foreign Operations, Export Financing and Related Programs Appropriations Act requires that US assistance dollars provided on a cash transfer basis be deposited into a separate account and that the uses of those dollars be specified and agreed upon with the grantee government. Section 575(b)(4) of the same Act allows for an exemption from this requirement for nonproject sector assistance programs. Such an exemption is being requested for this program based upon the following:

a. Namibia is a member of the Rand Currency Union which does not have a separate "local currency." The Rand is the local currency of Namibia.

b. The Rand is a freely convertible, hard currency. There are no administrative procedures which seek to or have the effect of allocating foreign exchange resources to specific users or uses in Namibia, per se. There are two exchange rates which seek to discriminate against capital flight and promote foreign investment. Foreign exchange is freely available through the strong commercial banking system in Namibia.

c. The value of the Rand vis-a-vis foreign currencies fluctuates based largely on market forces. Because the Central Reserve Bank for the currency union establishes and implements monetary policy, the GON has no ability to control the rate of exchange even if it wished to intervene.

Based on these considerations, the Mission has concluded that the GON does not (and cannot) intervene in the allocation of foreign exchange. Therefore, an exemption to the requirement for a separate dollar account is warranted for this Program. Attachment M to the PAAD consists of an Action Memorandum providing further justification for this exemption. It should be stated that in providing this exemption, the Agency is concurring in limiting its direct cash management responsibility for the dollars to their disbursement.

3. Effecting the Dollar Disbursement. Upon satisfaction of the Conditions Precedent to Disbursement for each tranche of Program funds, the Mission will receive from the GON a Financing Request executed in accordance with Handbook 4.

That Financing Request will identify the bank, the account number, and the holder of the account into which A.I.D. funds will be disbursed. It is expected that the holder of the U.S. bank account will be the Commercial Bank of Namibia. The Financing Request will be accompanied by a letter from the Ministry of Finance designating the Commercial Bank of Namibia as its agent for receipt of the dollar funds. A letter from the

56
51

Commercial Bank of Namibia confirming that it is acting as the agent of the GON in this transaction shall also accompany the Financing Request.

A.I.D. has carefully examined the proposed disbursement arrangements and is convinced that they are both administratively and financially sound and appropriate given the objectives of the disbursement and the limitations imposed by the GON's membership in the Rand Monetary Union. The objective of the disbursement is to provide untied budgetary resources. There is no balance of payments rationale for this program, hence the dollars, per se, are not the resource of programmatic importance. A.I.D. has also been notified by the GON that it, the GON, cannot hold foreign exchange in a separate off-shore account as part of the Monetary Union arrangements.

The GON holds both its Central Revenue Account and State Revenue Fund in this bank since, as part of the Rand Monetary Union, it has no central bank of its own. A.I.D. is also assured that other donor budget support resources have been disbursed in the same fashion. Management of the Central Revenue Account and the State Revenue Fund has been thoroughly examined and is the subject of the General Financial Assessment contained in Annex L. No recommendations have been made to improve the management of that account, and the system which governs its use has been determined to be worthy of a high degree of confidence.

While it will not be within the cash management responsibility of A.I.D. to account for the proceeds of the dollar disbursement given the exemption to Sec. 575(b)(1) separate account legislation, A.I.D. has explored the issue of how funds will be ultimately received by the GON as part of its design responsibility. Essentially, A.I.D. considered two options:

a. A.I.D. funds could be disbursed into the a GON account in the Central Bank of the Republic of South Africa. Under this arrangement, the Central Bank of the RSA would have the option of holding A.I.D. dollars for a period up to sixty (60) days prior to disbursing funds to the GON. Indications are that transfers effected in this manner are currently taking in excess of 50 days. During that period, the Central Bank would have management responsibility for A.I.D. funds, and would be able to place them in interest bearing instruments, the interest on which would accrue to the Republic of South Africa, not the Grantee. It is A.I.D.'s determination that this arrangement would be both financially and politically unacceptable.

b. Acting through a banking agent, the GON will receive A.I.D. funds within approximately 72 hours of disbursement by A.I.D. A.I.D. has been assured that the arrangements are legal within the Monetary Union, and the financial assessment gives A.I.D. confidence in the fiduciary responsibility and effectiveness that the Commercial Bank of Namibia exercises for the GON. It is the judgement of A.I.D. that this arrangement is financially more sound and "tighter" from an accountability perspective.

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D. Local Currency Management. This Program will not generate local currency, and no separate local currency deposit will be required.

In accordance with the decision to exempt this program from the separate account requirement for the dollar disbursement, no specific uses for the dollars will be specified. As such, no identifiable generation of local currency will take place.

The option of requiring the GON to make available funds from its own resources which would be held in a special local currency account for joint programming by A.I.D. and the GON was thoroughly considered. Such an arrangement has been determined inappropriate for the following reasons:

1. As a result of the General Assessment, A.I.D. has a high degree of confidence in the budgeting, accounting, and control operations of the Ministry of Finance and the Ministry of Education of the GON. A.I.D. involvement in that process would not increase confidence in the system. As stated in the General Assessment (Attachment I), "establishing separate bank accounts would, in fact, reduce the effectiveness of the internal controls [already in place]". There is, therefore, no accountability rationale for requiring a separate deposit.

2. As part of its agreement with A.I.D., the GON will formally commit itself to providing all the local resources necessary to implement this Program. Local contributions will be provided and accounted for by the GON through its normal budgetary processes, which are fully acceptable. In fact, the programming of budget resources in support of primary education is subject to specific program conditionality; i.e., A.I.D. will have every assurance that budgetary resources are in place prior to disbursement of funds. Hence, there is no programmatic rationale for requiring a separate deposit of local currency in support of this Program.

E. Monitoring and Impact Assessment Arrangements. This program of educational reform is expected to result in several different kinds of impact. First, the reform program will result in identifiable changes in the capacity of the institutions and professional staff that oversee and direct basic education policy and practice in Namibia. This will be evidenced by the establishment and institutionalization of the National Institute for Education Development (NIED), a functioning Education Management Information System (EMIS), capable of collecting and managing information on educational inputs, outputs, outcomes, and costs for all levels of the basic education system, and improvements in the capacity of the University to train teacher educators and conduct research in education.

Second, by improving the basic education subsystems (i.e., the curriculum and syllabus, teacher training, and student assessment) that comprise the national basic education delivery system, the reform program will generate, in the medium term, measurable improvements in school level effects through expanded enrollments, increased "through-put" of students, and improved

58
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learning achievement.

Third, by quickly infusing the nation's schools with new textbooks that do not espouse the apartheid views of South Africa (from whence the current supply of textbooks originates), student attendance patterns, persistence, and levels of learning should immediately increase. Moreover, by publishing Namibian textbooks designed around the new curriculum and syllabus, the education system will be laying the groundwork for longer-term increases in educational productivity.

Finally, by setting and meeting realistic targets for basic education financing and expenditure allocation patterns, Namibian children can be assured of a sustainable and affordable quality basic education system.

1. Strategy for Monitoring and Impact

Assessment. The monitoring and impact assessment (M&IA) of the Namibia Basic Education Reform Program will be developed to assess educational reform at three different levels. First, the M&IA system will be designed to monitor and report on the conditionalities set forth to permit disbursements of the NPA funds. Second, the M&IA system will be designed to monitor the impact of the reform program in terms of institutional and professional capacity changes; second, the system will monitor, analyze, and report on inputs and costs at the system level, and third, the system will collect data on educational inputs and outcomes (in terms of student performance and learning) at the regional level at least, and, as the system evolves, at the district and school level.

2. Setting and Meeting Targets Established by the Government. One of the uncertainties of the program design results from limited information on current status on a number of indicators related to the program purpose, namely effectiveness, efficiency, equity of access, and sustainability. An aim of the A.I.D. program is to enhance the capacity of the MOE and its statutory institutions (i.e., NIED) to plan and manage new, effective education programs. A key aspect of planning and management is the capacities for analytic decisionmaking, the setting of realistic but meaningful targets, and the development and implementation of an action plan to meet the targets in a given timeframe. Consequently, one of the critical components in the monitoring and impact assessment system is the capability to measuring progress towards meeting of targets. Conditions for each of the four supporting objectives, as well as for the overall objective includes the setting of targets and the ability to show progress towards the achievement of these targets.

3. Definitions. Certain terms used below have particular meanings within the context of the M&IA plan described below. The term *quality* is used specifically to characterize the condition or state of school system inputs or outputs. *Higher quality inputs*, such as textbooks or trained teachers, are by definition *more effective* at raising the level of learning achievement or the number of graduates, than lower quality inputs. The term *quality* can also be applied to system outputs or outcomes. For example, higher quality graduates are those who

have attained a higher level of learning achievement than lower quality graduates. The concept of input quality or output quality is used alongside measures of the quantity of inputs and outputs in order to completely characterize them. *System performance* or *school performance* describes the effectiveness of the processes in which inputs of a given quality are transformed into outputs of a given quality and number. A school that produces more graduates of a given quality with the same quality and number of materials per student than another school can be said to perform better. *System effectiveness* is a term that simultaneously measures the quantity and the quality of outputs given the quantity and quality of inputs, and takes into account system performance. For example, a more effective system produces more graduates at a given level of learning achievement, or higher achievement levels of a given number of graduates, or some combination of greater numbers of graduates and greater achievement of those graduates. Described from another perspective, the effectiveness of a school depends upon the quality and quantity of inputs, and the effectiveness of school's performance at transforming the inputs of a given quantity and quality into outputs of a given quantity and quality. Finally, *efficiency* in the context of this M&IA plan refers to the level of system effectiveness achievable at a given level of cost, or the cost of the system effectiveness achievable at a given level of effectiveness. A more efficient system produces some combination of more graduates or greater levels of learning at the same or lower cost than a less efficient system.

4. Users of the Monitoring and Impact Assessment Information. The M&IA system described below will provide both qualitative and quantitative information regarding the progress of the reform program that will enable the Government of the Republic of Namibia and the A.I.D. mission to assess progress toward the various targets set by GON and A.I.D. and to make mid-course corrections and refinements in reform strategy, management, and targets. Moreover, the information generated by the M&IA system will be used by A.I.D. to determine whether the conditions set for disbursement of NPA funds have been satisfactorily met. Finally, while the GON is strengthening its own M&IA capacity, the system will provide the Government with information on those constraints which may appear to be intractable given the reform strategies in place at the time. This will permit the GON to reorient their strategies or implement new ones to address these constraints more effectively.

5. Institutional Locus. In keeping with the objectives of the reform and A.I.D.'s strategy of Non-Project Assistance in Namibia's education sector, the M&IA system avoids creating parallel information and evaluation structures. Responsibility rests with the GON to demonstrate to the A.I.D. mission that it has met the prescribed conditionalities and has implemented the measures, established the targets, and produced the studies agreed to with A.I.D.. The M&IA system will rely primarily on data collected by the National Institute for Educational Development (NIED), Office of the Educational Management Information System (EMIS). Therefore, A.I.D.'s M&IA system will depend on collaboration with the appropriate ministry offices in data collection, verification, interpretation, and

analysis, as well as the efficacy of the small A.I.D. technical assistance project in building NIED capacity in data collection and analysis.

In addition, one of the emphases, and the advantages of the A.I.D./GON relationship is that it will continue to facilitate close working relationships between the finance and education ministries regarding the allocation of resources to support the reform.

6. Monitoring the Educational Impact and Institutional Reforms of the Reform Program.

a. A Basic Education System Information System. The NIED will establish an accurate and comprehensive Education Management Information System (EMIS) which will collect information and maintain up-to-date and readily accessible data related to effectiveness, efficiency, and equity of the basic education system. The system will be designed to track measures of input quantity and quality, output quantity and quality, and performance.

The A.I.D. mission recognizes that there are only limited mechanisms in place that systematically collect, tabulate, and report detailed education information for the purposes of planning and analysis. Consequently, relying on the government, through the auspices of NIED, to set up such a system, may seem somewhat risky. On the other hand, the Ministry of Education has considerable interest in developing and institutionalizing an EMIS, and will arrange for the assistance of a senior technical advisor to help design such a system. Moreover, considering the substantial administrative capability clearly in evidence at the MOE, it is very likely that the ministry will succeed in operationalizing the EMIS before the end of the first year. In fact, a second tranche condition (program area D.4.) requires that a baseline assessment of schools and learning achievement be completed. If by the third month of program implementation, after an educational policy workshop in April 1991, the GON determines that it is unlikely to have a functioning EMIS in place, the design of this program ensures that GON has the resources and the administrative capacity to hire an outside contractor to collect baseline data.

b. Impact Indicators for the Overall Objective. The the key targets of overall program success are:

- an 80 percent primary completion rate for those children who complete the first year of the cycle;
- a 20 percent reduction in the average number of years to complete the primary cycle;
- a 15 percent reduction in the primary cycle costs;
- at least 60 percent of the students in each region are in schools that meet fundamental quality level (FQL) standards.

At the end of the program (EOPS) it is expected that three years of steady quantified progress towards achieving these targets will have been registered. It is not anticipated that they will have been achieved prior to the last disbursement of funds under the Program. As pointed out in the Economic Analysis, the reforms begin to have a positive economic return in 1996. The program will ensure that the return is positive prior to the last disbursement. That, plus the requirement that the reforms not be set aside or reversed, justifies ending the program in advance of full impact. As part of Bureau program impact assessment requirements target, A.I.D. will continue to monitor these same targets as part of its DFA reporting plan.

Of the four targets listed here, the first three are fairly straightforward and have, for the most part, been identified already. As discussed below, the fourth target will require additional analysis and decisionmaking.

(1) Primary School Completion Rate. The first target may be measured by constructing a cross-section promotion rate indicator composed of the product of the following factors:

- the primary 2-3 promotion rate,
- the primary 3-4 promotion rate,
- the primary 4-5 promotion rate,
- the primary 5-6 promotion rate, and
- the primary 6-7 promotion rate.

Promotion rates can be constructed by the ratio of the Beginning-of-Year Grade Specific Enrollment for grade $x+1$ in year $y+1$, to the End-of-Year grade specific enrollment for grade x in year y . An ideal indicator of completion rate would follow a single cohort of students from the end of primary 1 through the full primary cycle and take a ratio of the number of completers in this cohort to the number of individuals that comprised this cohort at the end of primary 1, seven years earlier.

(2) Primary Cycle Completion Time. The indicator of progress towards the second target is already in use. This is also constructed from cross-sectional data. To compute this index, the following components, also currently available from existing data sources, are necessary:

- the number of years required to complete the cycle
- the enrollment in each grade level in the cycle.

The sum of the enrollments in each grade level in year y divided by the number of years required to complete the cycle yields the cross-sectional estimate of the Primary Cycle Completion Time. An ideal Cycle Completion Time indicator would, like the ideal Completion Rate indicator, require longitudinal data on a single cohort. In this case, rather than summing the enrollments from each grade level in the cycle to get the numerator of the indicator, it would be necessary to sum, from a specific cohort of students, their enrollment in grade 1 during year y , to the

enrollment from that same cohort in grade 2 during year y+1, and so on through grade 7 in year y+6.

(3) Primary Cycle Completion Cost. The indicator for the third target requires the indicator of primary cycle completion time (from b, above) and data on the expenditures associated with these indicators. This indicator has been constructed cross sectionally from existing data by taking the product of the following two components:

- the sum of enrollments in each grade level
- the average unit cost,

The average unit cost has been computed simply by dividing total system primary school expenditures by total primary school enrollments. Since one of the key objectives of the A.I.D. program is the development of a "program" budget, which would allow a considerably more finely detailed accounting of primary cycle expenditures, it should be possible to monitor progress towards this third target by more focused primary cycle budget categories, such as administration costs, instructional materials costs, etc.

(4) Fundamental Quality Level (FQL) School Standards. The fourth target requires a somewhat more complex set of measures than the first three. This is because it depends on components of school infrastructure, school inputs, school affordability and sustainability, and school performance. In other words, it is a set of indicators that captures the overall objective of the A.I.D. basic education reform program: to establish an effective, efficient, and sustainable primary education system accessible to all Namibian children.

To establish fundamental quality level standards (i.e., minimally acceptable school quality standards) may require collaboration between A.I.D. and several administrative offices in the Namibian education establishment, namely, the head office of the MOE, the National Institute for Educational Development (the NIED, established with the assistance of this grant), the National Planning Commission, the regional education authorities, and the inspectorate. One possibility is to permit two alternate indicators, one based on inputs (infrastructure, instructional materials, teacher qualification, training, and staffing levels, etc.), and one based on outputs (i.e., at least x percent of students meeting an established threshold educational achievement level for their grade, or of graduates meeting a particular achievement level). Once agreement is reached (a second tranche condition of Program Area C.3) on defining the FQL standards, the NIED should develop instruments to collect information on the number of students in each region with access to FQL schools.

c. Economic Efficiency Impacts. In addition to these targets of an improved education system, overall cost-efficiency will improve by 30 percent (See Economic Analysis). The definition of cost effectiveness, and the justification for achieving this level of efficiency increase is discussed here.

The economic efficiency of an education program is defined here

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as level of system effectiveness achieved at a given cost. At the start of this discussion, system effectiveness is defined as a function of both quality of system graduates and quantity of system graduates. Holding both achievement level (quality) and cost constant, a 30 percent increase in the economic efficiency of the system can be achieved by a 30 percent increase in the number of graduates from the system. It can also be achieved by a decrease in years to graduate by 30 percent. In addition, it can be achieved by a 30 percent decrease in cycle cost. Finally, it can be achieved by a 30 percent increase in the achievement level of the graduates. More to the point is the fact that economic efficiency can be attained by a combination of all of these factors. The Monitoring and Impact Assessment System will be tracking all of these indicators. A.I.D. mission staff will analyze these data and develop ways to combine measures of cost, the academic achievement level of primary graduates, the number of years to complete the primary cycle, and annual quantity of system graduates to monitor economic efficiency. If during the span of ten years, a modest improvement of 10 percent is achieved in cycle time, number of graduates, unit cost, and achievement levels, the resultant increase in system economic efficiency will easily surpass 30 percent.

d. Impact Indicators for the Supporting Objectives. While the particular indicators to be tracked will be developed out of collaborative relationship between A.I.D. and the GON, a number of specific measures are identified in the Program Matrix (Impact Indicators column):

(1) Supporting Objective A: Improving the Quality of Namibia's Basic Education Systems. For this objective, A.I.D. will track the following indicators: educational achievement by region; student and teacher attendance rates by region; promotion rates by grade level by region; and primary cycle completion rates by region.

A.I.D. will also look for progress towards the attainment of the following milestones: a working model of school effectiveness and performance; a new curriculum and a new syllabus; pre-and in-service teacher training capacity, with training based on factors related to effectiveness; and, new student assessment systems

(2) Supporting Objective B: Increasing the Quality and Supply of Basic Education Textbooks and other Instructional Materials. For this objective, the A.I.D. mission will monitor and analyze the following indicators: quantity of textbooks, by student and by region; quantity of new textbooks and other instructional materials acquired by donations by subject type, grade level, country of origin; quantity of above distributed by region; and quantity of above in use by students in each region.

A.I.D. will also monitor progress towards the following achievements: a Namibian textbook production system; a Namibian textbook publication and distribution system; Primary 1 and 2 textbooks in key subjects (language, math, science) written and published in Namibia and in use in 80% of the schools in each region

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(3) Supporting Objective C: Establish a rational and equitable Financial Resource Base for the sustainable delivery of quality educational services. For this objective, A.I.D. will track: education expenditures as % of total recurrent budget; basic education expenditures as % of total recurrent education budget; recurrent basic education expenditures by category (materials, teacher salaries, etc.); resource mobilization by region and source; additional costs of education reform program, by category; FQL schools by region; expenditure per school by FQL category; and students enrolled in FQL schools, by gender and region.

The A.I.D. mission will also work with the MOE to assure that an accounting system is put into place that permits the tracking of education expenditures by basic education program categories

(4) Supporting Objective D: Enhance the capacity of institutions and basic education professionals to plan and manage an improved basic education system. For this objective, the mission will monitor: administrators, teachers, and support staff, by specialty, civil service grade, and region; students by grade level and schools or district, and as a percent of the total school age population; and teachers by civil service grade and by grade-level, training, and specialization.

Other program milestones will include: NIED institutionalized and fully operational; a well-functioning EMIS in NIED; and Namibian education researchers and teacher education instructors in place at the University of Namibia.

F. Supporting Project Assistance. A limited number of contract actions are envisioned under the support project. These are outlined in Annex P to the PAAD. A.I.D. will be directly responsible for them all. No use of host country contracting is anticipated. To the maximum extent, competition will be ensured through the use of buy-ins and IQCs under competitively awarded contracts. A.I.D. will use the direct payment method of financing for all project activities.

The Office of the A.I.D. Representative for Namibia will have first-line responsibility for all project implementation. Implementation authorities will be exercised in accordance with DOA 551 for Class B missions.

G. Exchange Rate Arrangements. Namibia's membership in the Rand Monetary Union and its resultant dependency on the Central Reserve Bank of the Union for all aspects of monetary policy requires special attention to A.I.D. exchange rate policy. There are two exchange rates in legal use for the Rand Monetary Union, the financial Rand (currently US\$ 1.00 = FinRand 3.10) and the commercial Rand (currently US\$ 1.00 = Commercial Rand 2.59). Because the GON has been formally denied authority to apply the highest rate to foreign donor resources, an exemption to A.I.D. exchange rate policy to allow conversion of A.I.D. project funds at the rate of exchange for the Commercial Rand is included in Attachment N.

Because of the proposed implementation arrangements for the

65
66

dollar disbursement and the exemption from separate account and dollar use requirements, the Program portion of the assistance is, by definition, not within the purview of A.I.D.'s funds management responsibility. It is recognized that any portion of the dollar assistance that might be ultimately exchanged for local currency will be subject to all of the laws, monetary policies and exchange procedures to which all foreign exchange resources accruing to the GON are subject.

Project assistance funds which are exchanged to finance local costs, however, fall clearly within A.I.D.'s management authority and responsibility and will require a formal exemption to A.I.D. exchange rate policy. The Action Memorandum which justifies the exchange rate exemption is to be approved as part of the Project Authorization.

H. Donor Coordination. The Government of Namibia has established formal partnerships with a broad spectrum of the international donor community, at both bilateral and multilateral levels. In his address at the May 1990 donor pledging conference, Namibian President Sam Nujoma affirmed GON aims to develop an "economic system based on the principles of a mixed economy and social responsibility", and noted that "international support will lay the foundation for more balanced and equitable growth and development . . ." Echoing this spirit, the Ministry of Education reported in its November 1990 Education Reform Directive that it has "been busy establishing a network of collaboration nationally and internationally . . ."

Among donor countries and organizations currently active in the education sector in Namibia, Sweden, the European Economic Community (EEC) and Finland join the United States in seeking ways to provide budgetary assistance for sector reform. The UNDP and UNICEF are focussing on addressing specific problems, such as the lack of qualified teachers. Norway and Denmark are supporting a number of individual schools in deprived areas, and are involved in the development of science and math curricula. Most of the donor organizations, including India, are offering scholarships for study abroad. The Scandinavian countries are still sponsoring SWAPO-organized schools outside Namibia, as well as various community-run schools in country. The British Council/ODA, Sweden and the EEC are providing technical assistance and workshops to strengthen central analysis, planning and management. Nongovernmental organizations based within Namibia, such as the Council of Churches in Namibia and the Rossing Foundation, work at the regional level on in-service pedagogical, management and English language training for education staff and other interested adults. From within the private sector, the CDM diamond mine has a social responsibility program and provides subsidies to Concordia College and other schools.

At present, there are no plans for direct World Bank assistance to Namibia, in that the country's relatively strong economic position does not qualify it for IDA credits. However, the Ministry of Education has requested World Bank expertise to help synthesize the different proposals for teacher education in coordination with the Ministry and cooperating donors. A Bank

67

mission visited Windhoek in late February 1991, and it is expected that the World Bank and the UNDP will host a workshop on teacher education sometime after the A.I.D.-sponsored workshop on education reform takes place in April 1991.

Prior to independence, Namibia was without external donors, unless South African subsidies can be considered in any way as external assistance. The new nation is now faced with the potential of receiving offers of assistance from many donors, bilateral and multilateral. The GON is learning to deal with multiple bureaucracies, each with its own rules and regulations. Further, as the GON is not accustomed to using a project approach for internal budgeting or planning, there are bound to be some initial difficulties in accomodating donors who are used to funding discrete projects and activities.

While the GON has a vision for how to use donor resources and has instituted nascent mechanisms for coordinating these resources, it has yet to establish clear operational procedures for working with donors. A presidential decree established the National Planning Commission for government-wide development planning, donor coordination and debt management. The Ministry of Education has set up its own parallel office to coordinate nongovernment assistance. However, these units are not yet fully operational and at present are essentially mechanisms for budget coordination and management/liaison with donors. What is still lacking is a forum to facilitate a more active dialogue. The GON now appears ready to institutionalize an effective consultative group or roundtable to coordinate future assistance to education within an agreed framework for education reforms. There is an indication that the Government would chair such a coordination effort.

A step in this direction was made at the December 1990 informal meeting of the National Planning Commission. Thirteen donors and nongovernmental organizations openly shared their current and planned education and human resource development programs with the Ministries of Education, Finance and Public Works. The meeting evidenced a substantial but varied donor commitment to participate in the reforms. The most common concern expressed was for more guidance on priorities and needs over the next planning cycle.

The unofficial forum did serve to allay donor qualms that they would have to work on education in isolation. The GON seems to have made an excellent beginning in establishing a constructive process for coordinating assistance to the education sector. The A.I.D. Representative confirms that this process has continued in a positive direction.

As an integral part of the effort at donor coordination, the Ministry of Finance has recently acquired a computer program specifically to track disbursements made against donor contributions. Although the system is designed to satisfy the requirements of the EEC aid agency, it appears to meet A.I.D. requirements as well. The National Planning Commission has the capacity and intention to maintain full records of foreign aid received, both in cash and in kind, and are coordinating their

613

own accounting requirements with the MOF and line ministries.

VI. Conditions, Covenants and Status of Negotiations.

A. Conditions.

1. Conditions Precedent To First Disbursement.

Prior to the first disbursement under the Grant, which shall be in the amount of Ten Million[\$10,000,000] United States Dollars, or to the issuance by A.I.D. of documentation pursuant to which disbursement may be made, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

a. A statement of the name of the person holding or acting in the office of the Grantee specified in Section 7.9., and of any additional representatives, together with a specimen signature of each person specified in such statement.

b. Evidence that the Grantee will budget adequate funds for the implementation of the Program during the Grantee's 1991/1992 fiscal year.

c. Evidence that the Grantee has integrated the eleven regional separate educational authorities which were established under Proclamation AG 8 of 1980 into a unified, national administrative system.

d. Evidence that the Grantee has designated a committee on basic education to direct and monitor primary education reform.

e. Evidence that the Grantee has designated a basic education technical level donor coordination committee chaired by the Grantee's Ministry of Education.

f. Evidence that the Grantee has approved the National Institute for Educational Development and provided initial funding.

g. A Letter of Intent, signed by the Grantee's Designated Representative, which contains the measures that the Grantee intends to take during the following year toward meeting the objectives of the Program as contained in Annex 1, together with a statement of the resources that it will provide toward the Program for that year.

2. Conditions Precedent to Second Disbursement.

Prior to the second disbursement under the Grant, which shall be in the amount of Six Million [\$6,00,000] United States Dollars, or to the issuance by A.I.D. of documentation pursuant to which disbursement may be made, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

68
69

a. Evidence that the Grantee has accomplished the measures contained in the Letter of Intent referred to in section 4.1[g] of this Agreement.

b. Evidence that the Grantee will budget adequate funds for the Program for the Grantee's 1992/93 fiscal year.

c. A Letter of Intent, signed by the Grantee's Designated Representative, which contains the measures that the Grantee intends to take during the following year toward meeting the objectives of the Program as contained in Annex 1, together with a statement of the resources that it will provide toward the Program for that year.

B. Covenant. The Program Agreement shall contain a standard Covenant to the effect that the GON shall not reverse, or take any actions to undermine or impede any actions previously taken in satisfaction of program conditionality.

C. Negotiating Status. The substance of the Program has been fully negotiated with the GON which is in agreement with the terms and conditions of this assistance Program. Financial arrangements for the cash disbursement are still under review in AID/W.

69/10

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AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE A = Add C = Change D = Delete
 Amendment Number _____

DOCUMENT CODE 3

2. COUNTRY/ENTITY
 Namibia/USAID

3. PROJECT NUMBER
 6730003

4. BUREAU/OFFICE
 AFR 06 Basic Education Support

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
 MM DD YY
 0 9 3 0 9 6

7. ESTIMATED DATE OF OBLIGATION
 (Under "R." below, enter 1, 2, 3, or 4)
 A. Initial FY 91 B. Quarter C. Final FY 91

8. COSTS (\$000 OR EQUIVALENT \$1 = R. 2.55)

A. FUNDING SOURCE	FIRST FY 91			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(250)	(250)	(500)	(250)	(250)	(500)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country		200	200		200	200
Other Donor(s)						
TOTALS	250	450	700	250	450	700

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SSA				0	0	500	0	500	0
(2)									
(3)									
(4)									
TOTALS				0	0	500	0	500	0

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code _____

B. Amount _____

13. PROJECT PURPOSE (maximum 480 characters)

To provide projectized support to the monitoring, evaluation and audit activities of the Namibia Basic Education Reform program (673-0003).

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 0 9 9 3 | | | | 0 9 9 6

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify) _____

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page FP Amendment.)

17. APPROVED BY
 Signature: Scott M. Spangler
 Title: Assistant Administrator, Bureau for Africa

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION:
 MM DD YY
 0 3 2 1 9 1 1