

SECTOR PROGRAM GRANT AGREEMENT
FOR THE
BASIC EDUCATION SYSTEM OVERHAUL PROGRAM
("BESO")
Between
THE TRANSITIONAL GOVERNMENT OF ETHIOPIA
(the "Grantee")
and
THE UNITED STATES OF AMERICA
acting through
THE AGENCY FOR INTERNATIONAL DEVELOPMENT
("USAID")

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ANNEX 1:	Amplified Program Description, including
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SECTOR PROGRAM GRANT AGREEMENT
FOR THE BASIC EDUCATION SYSTEM OVERHAUL PROGRAM ("BESO")
BETWEEN
THE TRANSITIONAL GOVERNMENT OF ETHIOPIA (the "Grantee")
and
THE UNITED STATES OF AMERICA,
acting through
THE AGENCY FOR INTERNATIONAL DEVELOPMENT ("USAID")

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above (the "Parties") with respect to the undertaking by the Grantee of the Sector Program Grant (the "Program") described below, and to the financing of the Program by the Parties.

Article 2: The Program

SECTION 2.1 Definition of the Program

- (a) The Program, which is further described in ANNEX 1, attached hereto, will consist of assistance to the Grantee, in the form of cash disbursements, to support policy and institutional reforms and initiatives which will assist the Ministry of Education and targeted Regional Education Bureaus to improve the quality and increase the equity of primary education. The Program will assist the Grantee to undertake five categories of reform objectives. The Grantee shall: (1) improve quality and equity in primary school environments; (2) improve efficiency and effectiveness of key quality-related services; (3) improve the quality of pre-service teacher training; (4) improve decentralized management of primary education; and (5) increase the amount of and make more rational and efficient the financing of the education sector. ANNEX 1 (Amplified Program Description), attached, amplifies the above definition of the Program. Within the limits of the above definition of the Program, elements of the Program Description stated in ANNEX

1 may be changed by written agreement of the authorized representatives of the Parties named in SECTION 8.7 of this Agreement without formal amendment of this Agreement.

- (b) The Program represents one part of the Basic Education System Overhaul Program ("BESO"); the other component involves particular project activities (the "Project"), which are set forth under the terms and conditions of a separate Agreement (Project Number 663-0015) (the "Project Agreement"), which is hereby incorporated by reference herein. It is anticipated that USAID's overall contribution to the BESO Program and Project over the life of the Program and the Project will be Eighty Million United States ("U.S.") Dollars (\$80,000,000), subject to prior authorization by USAID, the availability of funds for this purpose, and the mutual agreement of the Parties to continue to proceed with the Program and the Project, of which \$50 million will be provided for the Program, as more specifically described below, and \$30 million will be provided for the Project, as described in and pursuant to the terms of the Project Agreement.

SECTION 2.2 Incremental Nature of the Program

- (a) USAID's contribution to the Program will be provided in increments, the initial increment being made available in accordance with SECTION 3.1 of this Agreement. Each increment subsequent to that provided in SECTION 3.1, however, will be subject to availability of funds to USAID and authorization by USAID for such purpose, and to the mutual agreement of the parties, at the time of each subsequent increment, to proceed.
- b) Except as USAID may otherwise agree in writing, both disbursements of dollars and of local currency into respectively the Separate Dollar Account and the Separate Local Currency Account, if any, shall be expended within one year after the date of the deposit of the particular disbursement.

Article 3: Financing

SECTION 3.1 The Dollar Grant

To support and assist the Grantee in carrying out the Program by financing the foreign exchange costs necessary to help the Grantee overcome shorter term constraints to its long-term economic development, USAID pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to the Grantee, under the terms and conditions of this Agreement and, in particular,

Articles 4 and 5 below, a total amount not to exceed Fifty Million U.S. Dollars (\$50,000,000) (the "Dollar Grant") as part of a planned multi-year program, of which Eight Million U.S. Dollars (\$8,000,000) shall represent the initial increment, and the remaining Forty Two Million U.S. Dollars (\$42,000,000) shall be obligated in subsequent increments, subject to the availability of funds to USAID and authorization by USAID for such purpose, and to the mutual agreement of the Parties, at the time of the subsequent increments, to continue to proceed with the Program.

SECTION 3.2 Local Currency Deposits to the Separate Local Currency Account

The Grantee agrees to deposit local currency generated by the Dollar Grant, or otherwise provided by the Grantee, into the Separate Local Currency Account established pursuant to Section 4.1.(c) of this Agreement in an amount not less than the birr value of the dollars used for purposes that compel the generation of birr or in a greater amount otherwise agreed to by the Parties. The use of dollars for the payment of foreign debt shall not generate or otherwise result in the provision by the Grantee of local currency. During the course of the implementation of this Program, the Grantee shall consult with USAID from time to time in order to identify the authorized uses of the Dollar Grant which compel the generation of local currency to be deposited into the Separate Local Currency Account.

SECTION 3.3 Other Grantee Resources for the Program

In addition to the resources provided pursuant to Section 3.2 above, the Grantee agrees to contribute resources for the Program and the Project in accord with Section VIII of Annex A of the Project Grant Agreement (663-0015).

Article 4: Condition Precedent to Disbursement

SECTION 4.1 Condition Precedent to First Disbursement

- (a) Prior to the first disbursement of funds under the Dollar Grant for the BESO Program as more specifically described in ANNEX 1 (Program Description) of this Agreement, which shall be in the amount of Eight Million U.S. Dollars (\$8,000,000), or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

- (i) A statement of the name of the person holding or acting in the office of the Grantee specified in

SECTION 8.7 of this Agreement, and of any additional representatives, together with a specimen signature of each person specified in such statement;

(ii) Documentation confirming that the Grantee has established a separate, non-commingled, interest-bearing account in a United States bank (the "Separate Dollar Account"), and specifying the number of the account in such bank into which disbursements of U.S. dollars, in accordance with SECTION 6.1 of this Agreement, are to be made;

(iii) An opinion of the Grantee's legal counsel that this Agreement has been duly authorized and executed on behalf of the Grantee and that it constitutes a valid, legally binding obligation of the Grantee in accordance with all of its terms;

(iv) Documentation establishing the BESO Central Coordinating Committee (BCCC) and two BESO Regional Coordinating Committees (BRCC) according to terms jointly agreed upon by both Parties;

(v) A detailed statement indicating which TGE entities will have financial, policy, institutional and/or administrative authority in the areas relative to the objectives explicit in the BESO Program Reform Matrix;

(vi) The approved E.C. 1987 Government Budget demonstrating that:

(A) Total education sector allocations as a percentage of the overall TGE budget have increased (over the previous year's allocation) at least as much as the percentage increase in the overall TGE budget (net of debt payments), or by 15 percent, whichever is greater.

(B) Total primary education allocations as a proportion of total education allocations have increased over the previous year's allocation (by at least the minimum amount agreed to with USAID) so as to grow progressively towards 60 percent of the total TGE education budget by E.C. 1994;

(vii) An acceptable Plan of Action for implementing a policy on primary teacher certification.

SECTION 4.2 Conditions Precedent to Additional Disbursements

(a) Prior to the second disbursement of funds under the Dollar Grant for the BESO Program, or to the

issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID:

(i) The approved E.C. 1988 Government Budget demonstrating that:

- (A) total education allocations equal 16 percent of total TGE budget allocations, excluding debts payments; and
- (B) total primary education allocations as a proportion of total allocations have increased over the previous year's allocations (by at least the amount agreed with USAID) so as to grow progressively towards 60 percent of the total TGE education budget by E.C. 1994;

(ii) Official expenditure reports for E.C. 1987 budget year demonstrating for the Tigray and Southern Ethiopia Peoples' Region (SEPR) regions increases in E.C. 1987 expenditure levels over E.C. 1986 in the unit non-salary expenditure on school level, quality enhancing inputs for primary education;

(iii) Documentation based on an analysis conducted during the first year for the program, identifying the constraints to school-based local decision-making, revenue generation and management and providing evidence that these constraints have been removed where they exist;

(iv) Evidence of the adoption of a new career structure for teachers that addresses the need to improve the terms and conditions of primary school teachers' service and encourages those teachers to improve the quality of their instruction;

(v) Documentation establishing a national plan for the reform and improvement of the curriculum of Primary Teacher Training Institutes, and similar but separate plans for the Teacher Training Institutes located in Tigray and SEPR;

(vi) The approved E.C. 1988 Government Budget demonstrating that an adequate increase in recurrent resources has been budgeted to assure the maintenance, supply and improved operation of the Primary Teacher Training Institutes. Specific and detailed evidence of this increase will be provided for the TTIs in Tigray and SEPR;

(vii) Strategic national plan(s) for the Regional Education Bureaus for the comprehensive development of primary education linking capital investment and recurrent financing needs. The Grantee shall submit to USAID specific plans pertaining to Tigray and SEPR regions;

(viii) The official E.C. 1988 Regional Budgets demonstrating increases in allocations for basic school support functions of the Woreda Education Offices. The Grantee shall submit to USAID evidence of the adequacy of such resources for Tigray and SEPR regions;

(ix) Evidence, based on the results from the analyses conducted during the first year, that the TGE will take appropriate steps to encourage private sector procurement of educational goods and services and to reduce barriers to private sector entry into markets for such goods and services;

(x) If the agreed use of dollars generates or results in the provision of local currency, documentation confirming that the Grantee has established a separate, non-commingled account (interest bearing, if interest on such accounts is permissible under the policies or regulations governing them) in the National Bank of Ethiopia (the "Separate Local Currency Account"), and specifying the number of the account in such bank, into which local currency counterpart funds shall be deposited in accordance with SECTION 6.2 of this Agreement;

- (b) Prior to the subsequent disbursement of funds under the Dollar Grant for the Program, or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID, documentation necessary to confirm compliance with such additional conditions precedent as shall be agreed upon by the Parties and incorporated into this Agreement.

SECTION 4.3 Notification

When USAID has determined that the conditions precedent specified in SECTIONS 4.1 and 4.2 and in amendments to this Agreement have been met, it will promptly so notify the Grantee in accordance with the provisions of SECTION 8.8.

SECTION 4.4 Terminal Date for Conditions Precedent

- (a) If conditions (i) through (iv) specified in SECTION

4.1(a) have not been met within six (6) months, and conditions (v) through (vii) of SECTION 4.1(a) have not been met within twelve (12) months, from the date of this Agreement, or such later date as USAID may specify in writing, USAID, at its option, may terminate this Agreement by written notice to the Grantee.

- (b) If all of the conditions specified in SECTION 4.2(a) have not been met within two (2) years from the date of this Agreement, or such later date as USAID may specify in writing, USAID, at its option, may cancel the then undisbursed balance of the Dollar Grant, and may terminate this Agreement by written notice to the Grantee.

Article 5: Covenants

SECTION 5.1 General Actions

The Grantee will not in any way discontinue, reverse or otherwise impede any action it has taken in satisfaction of any condition precedent or covenant herein, except as USAID and the Grantee may otherwise agree in writing.

SECTION 5.2 Local Currency Counterpart Deposits

The Grantee will deposit over the life of the Program, in accordance with the terms of, and for the purposes described in SECTION 6.2 of this Agreement, local currency counterpart funds in an amount not less than the Ethiopian birr equivalent of the dollars used for purposes that compel the generation of birr or in a greater amount otherwise agreed to by the Parties pursuant to SECTION 3.2 of this Agreement. The use of dollars for the payment of foreign debt shall not generate or otherwise result in the provision by the Grantee of local currency. For purposes of this Agreement, any Ethiopian birr generated from the use of U.S. dollars received from this grant shall be deposited in the local currency account as described in SECTION 6.2 and shall be jointly programmed by the Parties for the purposes described in SECTION 6.2 and in accordance with the finance plan contained in ANNEX 1. Deposits of local currency required under this Agreement shall be calculated at the highest exchange rate of Ethiopian birr to U.S. Dollars which is not unlawful as of the date of each local currency deposit.

SECTION 5.3 Program Monitoring and Evaluation

The Grantee will cooperate with USAID in establishing a monitoring and evaluation program as part of the program. Except as the Parties may otherwise agree in writing, the evaluation program will include,

during the implementation of the Program and at one or more points thereafter:

- (a) evaluation of progress toward attainment of the objectives of the Program;
- (b) review of the Grantee's compliance with covenants and conditions;
- (c) evaluation, to the degree feasible, of the overall development impact of the Program.

SECTION 5.4 Covenants Supplementing the First Tranche Conditionality

The Grantee hereby covenants that:

- (a) Steps will be taken to increase significantly during the life of the BESO Program the proportion of Primary Teacher Training Institute entrants who are female, taking into account and minimizing any negative effects such an increase might have on quality;
- (b) A plan for developing a Minimum Quality Standard for primary education will be adopted and initial implementation steps taken as an integral part of the Grantee efforts for rationally planning for improving quality and equity in an expanding primary education system;
- (c) The Grantee policy promoting the development of private schooling will be implemented expediently;
- (d) It will undertake to conduct an evaluation of existing primary teacher hiring, assignment and transfer policies as well as the current patterns of teacher placement and workloads;
- (e) It will undertake studies to identify barriers to the use of varied channels (including private sector channels) for the production and distribution of educational goods and services, and conduct analyses of the cost-effectiveness and efficiency of delivery by existing producers and distributors of educational goods and services;
- (f) It will conduct an analysis of administrative expenditures and costs in the education sector.

SECTION 5.5 Covenants Supplementing the Second Tranche Conditionality

The TGE hereby covenants that:

- (a) It will undertake to carry out analyses and support discussions throughout the various levels of the system related to the evaluation of the pedagogical and cost effectiveness of services provided by the Education Materials Production and Distribution Agency (EMPDA), Institute of Curriculum Development and Research (ICDR), and Education Mass Media Agency (EMMA);
- (b) Regions will permit greater authority and control by their TTIs over recruitment, selection, and admission of trainees. The Grantee shall submit to USAID evidence of this for the TTIs in Tigray and SEPR;
- (c) The Teacher Training Institutes throughout the country will develop systems designed to support female trainees in academic, professional and personal activities. The Grantee shall submit to USAID evidence of this for the TTIs in Tigray and SEPR;
- (d) It will adopt an initial national definition of a Minimum Quality Standard for primary education and submit to USAID a strategy for applying that standard as a means to plan for the development and improvement of primary education in the two focus regions;
- (e) Based on evaluations of recently established norms for teacher workload, in terms of (i) minimum hours of teaching per week, (ii) new policies governing teacher assignment and (iii) new policies governing teacher transfers, it will undertake measures to support implementation of these norms in the regions and to modify these norms as necessary;
- (f) It will reduce the share of budget allocated for administration of education, as appropriate and needed. The Grantee shall submit to USAID evidence in support of this for Tigray and SEPR regions.

Article 6: Disbursement

SECTION 6.1 Dollar Grant Account

- (a) USAID will deposit each disbursement of the Dollar Grant into a separate, non-commingled, interest-bearing account (the "Separate Dollar Account") established by the Grantee pursuant to Section 4.1(a)(ii) of this Agreement at a bank in the United

States. The principal of the amounts deposited into the Separate Dollar Account shall be used only for the purposes of (i) the payment of non-military debt service owed to the United States Government as a matter of first priority, and then for any remaining amount to multilateral development banks and multilateral lending institutions and (ii) such other uses as the Parties may agree to in writing. The Grantee agrees that any interest earned on funds in the Separate Dollar Account shall be returned to the Government of the United States. Alternatively, the Parties may agree on a method of direct disbursement of the Dollar Grant by the United States in payment of certain debt service or other obligations of the Grantee. USAID shall issue a Program Implementation Letter to provide instructions on effecting payment to the United States of any interest earned or on the alternative direct disbursement method.

- (b) The Grantee will expend funds from the Separate Dollar Account only for the foregoing purposes set forth in Section 6.1(a). Funds deposited in the Separate Dollar Account may not be used for financing military, paramilitary, or law enforcement requirements of any kind, for financing luxury goods, equipment or services for abortions, gambling equipment, surveillance equipment, weather modification equipment, for other goods or services that USAID would be prohibited by United States law from financing with USAID funds, for the servicing of debts incurred for any of the foregoing purposes set forth in this Section 6.1(b), or for such other uses as shall, from time to time, be notified to the Grantee by USAID.
- (c) If USAID determines that any disbursements of the Dollar Grant are utilized by the Grantee for purposes not permitted under the terms of this Agreement or for permitted purposes which lack supporting accounting documentation satisfactory to USAID, the Grantee shall redeposit, within sixty (60) days after receiving notice from USAID of such impermissible utilization or inadequate supporting documentation, an equivalent amount of dollars into the Separate Dollar Account. The right to request such a redeposit shall continue for three (3) years from the date of the last disbursement from the Separate Dollar Account.

SECTION 6.2 Local Currency

- (a) The Grantee will deposit all of the local currency generated or otherwise provided, as set forth in SECTION 3.2 of this Agreement into the separate, non-commingled account (interest bearing, if

interest on such accounts is permissible under the policies or regulations governing them) established pursuant to SECTION 4.2 (a)(x) of this Agreement at the National Bank of Ethiopia (the "Separate Local Currency Account") to be used for the purpose of local currency counterpart requirements of the Program and the Project, as well as the administrative requirements for USAID, as more specifically set forth either in this Agreement and the Project Agreement or in subsequent Program and Project Implementation Letters.

- (b) Local currency in the Separate Local Currency Account shall not be used, in whole or in part, to finance military, paramilitary or law enforcement requirements of any kind, luxury goods, equipment or services for abortions, gambling equipment, surveillance equipment, weather modification equipment, for other goods or services that USAID would be prohibited by United States law from financing with USAID funds, for the servicing of debts incurred for any of the foregoing purposes set forth in this paragraph 6.2(b), or for such other uses as shall, from time to time, be notified to the Grantee by USAID. Any interest earned on funds deposited into the Separate Local Currency Account shall be programmed and used as if it were principal.
- (c) If USAID determines that any funds from the Separate Local Currency Account are utilized by the Grantee for purposes not permitted under the terms of this Agreement or for permitted purposes which lack supporting documentation satisfactory to USAID, the Grantee shall redeposit, within sixty (60) days after receiving notice from USAID of such impermissible utilization or inadequate supporting documentation, an equivalent amount of local currency into the Separate Local Currency Account. The right to request such a redeposit shall continue for three (3) years from the date of the last disbursement from the Separate Local Currency Account.

SECTION 6.3 Terminal Date for Requests for Disbursement

The terminal dates for requests for disbursement of sector dollar funds under this Agreement shall be sixty (60) days after the applicable terminal dates set forth in Section 4.4, as extended by USAID from time to time, and in any event, no later than December 31, 2001, except as USAID may otherwise agree in writing.

Article 7: Managing Separate Accounts, Records, Reports, Inspection and Audits

SECTION 7.1 Responsibility for Managing the Accounts

The Ministry of Finance of the Grantee shall be responsible for managing the Separate Dollar Account and the Separate Local Currency Account (hereinafter collectively referred to as the "Separate Accounts"), including monitoring and reporting on the receipt and use of funds from the Separate Accounts and responsibilities as may be more specifically set forth in Program Implementation Letters.

SECTION 7.2 Maintenance of Records

The Grantee shall maintain, or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records and underlying documentation relating to this Agreement and, in particular, the Separate Accounts, as are necessary to show adequately, without limitation, compliance with this Agreement, including, without limitation, the policy reforms undertaken and the receipt and use of funds from the Separate Accounts in accordance with their respective terms under this Agreement. Such books and records will be audited annually in accordance with generally accepted auditing standards and shall be maintained for three (3) years after the date of the last disbursement from the Separate Accounts.

SECTION 7.3 Reporting

The Ministry of Finance will provide, at a minimum and as long as there are any funds in the particular account, quarterly reports as to disbursements into and out of the Separate Accounts, including monthly bank statements, and such other information and reports relating to this Agreement, and in particular, activities financed with funds from the Separate Accounts and the performance of the Grantee's obligations with respect to each Separate Account, as USAID may reasonably request or as specified in Program Implementation Letters. These reports will contain such information and include such supporting documentation as may be required by USAID.

SECTION 7.4 Inspection and Audits

The Grantee will afford authorized representatives of USAID the opportunity at all reasonable times to inspect the books, records and other documents maintained by the Grantee relating to this Agreement, including without limitation, the policy reforms undertaken and disbursements into and out of the Separate Accounts. The Grantee agrees to perform an annual audit of the Separate Accounts using the services of an independent public accounting firm agreed to by USAID. USAID and the Grantee agree to apply local currency generated or

otherwise provided by the Grantee pursuant to this Agreement for such audits. Such audits shall cover any Separate Account in which there was activity since the last audit or in which any funds remain undisbursed. USAID, at the request of the Grantee, may assist in arranging these audits. In case of continued inability or unwillingness to have an audit performed in accordance with the terms of this Section, USAID will consider appropriate sanctions which include suspension of all or a portion of disbursements until the audit is satisfactorily completed or until USAID performs its own audit financed by the Dollar Grant or other sources of funds. Notwithstanding the provisions of this Section, USAID reserves its rights with respect to audits of the Program records, documents and accounts which will not be infringed by arrangements for audits by the Grantee or any arrangements for audits by independent auditors.

Article 8: Miscellaneous

SECTION 8.1 Program Implementation Letters

To assist the Grantee in the implementation of the Program, USAID, from time to time, will issue Program Implementation Letters ("PILs") that will furnish additional information about matters stated in this Agreement. The Parties may also use jointly agreed upon PILs to confirm and record their mutual understanding of aspects of the implementation of this Agreement. PILs will not be used to amend the text of this Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement including the revision of elements of the Amplified Program Description of the Program in ANNEX 1. Such PILs shall be binding on the Parties unless revoked, modified or superseded by subsequent PILs or amendments to this Agreement.

SECTION 8.2 Consultation

The Parties will cooperate to assure that the purposes of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Program, the performance of obligations under this Agreement, and other matters relating to the Program.

SECTION 8.3 Completeness of Information

The Grantee confirms:

- (a) that the facts and circumstances of which it has informed USAID, or caused USAID to be informed, in the course of reaching agreement with USAID on the Dollar Grant, are accurate and complete and include all facts and circumstances that might materially affect the Program and the discharge of responsibilities under this Agreement; and

- (b) that it will inform USAID in a timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Program or the discharge of responsibilities under this Agreement.

SECTION 8.4 Taxation

This Agreement and the Dollar Grant will be free from any taxation or fees imposed under laws in effect in Ethiopia, or which may become effective during the term of this Agreement.

SECTION 8.5 Publicity

The Grantee will give appropriate publicity to this Dollar Grant and the Program and activities carried out hereunder as a program to which the United States has contributed. Representatives of the Grantee and USAID will confer from time to time to make specific arrangements for such publicity.

SECTION 8.6 Suspension and Termination

- (a) USAID may suspend disbursement for up to ninety (90) days under the Dollar Grant upon written notice to the Grantee.
- (b) USAID may cancel any disbursement under the Dollar Grant upon written notice to the Grantee, if at any time: (1) the Grantee shall fail to comply with any provision of this Agreement; (2) an event occurs that USAID determines to be an exceptional situation that makes it impossible either to attain the purpose of the Dollar Grant or for the Grantee to perform its obligations under this Agreement; or (3) any disbursement by USAID would be in violation of the legislation governing USAID.
- (c) This Agreement may be terminated by mutual agreement of the Parties at any time. Either party may terminate this Agreement by giving the other Party thirty (30) days' written notice. Termination of this Agreement shall terminate any obligations of the Parties to provide financial or other resources pursuant to this Agreement.
- (d) Notwithstanding any suspension or termination, the provisions of this Agreement shall continue in full force and effect with respect to any portion of the Dollar Grant disbursed prior to or notwithstanding such suspension or termination.

SECTION 8.7 Representatives

For all purposes relevant to this Agreement, the Grantee will be represented by the individuals holding or acting in

the office of the Minister of External Economic Cooperation and USAID will be represented by the individual holding or acting in the Office of the USAID Mission Director, each of whom, by written notice, may designate additional representatives for all purposes including exercising the power under SECTION 2.1 to revise elements of the Amplified Program Description in ANNEX 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to USAID which may accept as duly authorized any instrument signed by such representatives to implement this Agreement, until receipt of written notice of revocation of their authority. The Grantee agrees to notify promptly USAID of any change in the name of the person or persons holding or acting in the office of the Minister of External Economic Cooperation, or any changes in the names of the additional representatives referred to in this SECTION 8.7. Such notice shall occur within 30 days of such change or changes and shall be accompanied by the duly authorized names and specimen signatures of any new representatives.

SECTION 8.8 Communications

Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, cable or facsimile, and will be deemed duly given or sent when delivered to such party at the following addresses:

To Grantee: Minister for External Economic Cooperation

Mail Address: P.O. Box 2428
Addis Ababa, Ethiopia
Fax: 51-79-88

To USAID: USAID Mission Director

Mail Address: USAID Mission to Ethiopia
P.O. Box 1014
Addis Ababa, Ethiopia
Fax: 61-38-01

SECTION 8.9 Language of Agreement

This Agreement is prepared in English, which shall be used for all communications under this Program.

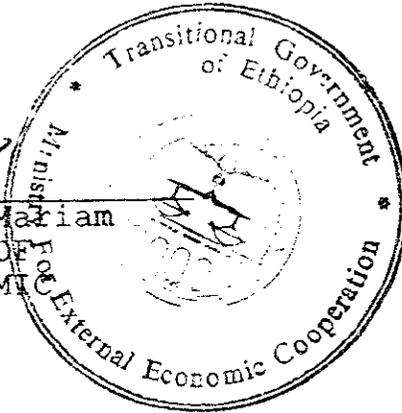
IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year set forth below.

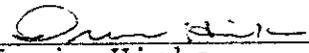
Done at Addis Ababa, Ethiopia, in duplicate, this 29th day of September, 1994.

FOR THE TRANSITIONAL
GOVERNMENT OF ETHIOPIA

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA


Israel Kidane Mariam
VICE MINISTER OF
EXTERNAL ECONOMIC
COOPERATION




Irvin Hicks
UNITED STATES AMBASSADOR
TO ETHIOPIA


Gennet Zewdie
MINISTER OF EDUCATION


Margaret P. Bonner
DIRECTOR, U.S. AGENCY
FOR INTERNATIONAL
DEVELOPMENT, ETHIOPIA

**BASIC EDUCATION SYSTEM OVERHAUL (BESO)
AMPLIFIED PROGRAM DESCRIPTION
Annex 1**

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BASIC EDUCATION SYSTEM OVERHAUL (BESO) AMPLIFIED PROGRAM DESCRIPTION

I. Rationale

The overall goal of the Basic Education System Overhaul (BESO) Program and Project is to improve the quality of the human resource base in Ethiopia. It is recognized that the goal will take decades to achieve. Advances will occur in part through an improved and decentralized education delivery system that effectively and in a sustainable way provides quality primary education to a significant proportion of Ethiopia's school-aged population. Putting appropriate national policies in place and establishing models for improved school performance in specific geographic areas during the seven-year life of BESO, will help to establish a sustainable foundation for achievement of this goal in the long term.

The primary objective of BESO is to improve the quality and equity of primary education in an expanded (and expanding) primary education system. While there is universal agreement that Ethiopia's primary participation rate of 22% is severely inadequate and needs to be increased, it is also widely recognized by education policy makers that system expansion must not proceed without attention to the often competing objectives of quality and equity. To do otherwise would be to repeat the costly and system-debilitating mistakes made by many of sub-Saharan education ministries following independence.

Achievement of this objective is grounded in two program targets, namely:

Target No. 1: Improved decentralized management of the primary education system; and

Target No. 2: Improved key quality-related inputs and equity-enhancing measures for primary education.

Under Target No. 1, the strengthening and the improvement of the regional management of the primary education system, will be the starting point of the Mission's assistance. It will assist both the central and selected regional governments in rationalizing and sharing the management of primary education in a decentralized system. USAID assistance will influence and help with the implementation of major organizational reforms associated with decentralization.

Under Target No. 2, the Mission's program strategy addresses two interrelated program areas, mainly: i) improved quality and ii) enhanced equity, both of which are to be achieved in an expanded primary system. The program will influence policy, budgetary, administrative and institutional reforms; will undertake a major effort to strengthen pre-service teacher training and other inputs; and will instigate community-based school-level improvements; with all of these aimed at effecting fundamental systemic improvement in quality and equity.

The BESO Program combines project and non-project resources to achieve these critical targets. Under the project assistance component, technical support, training, small grants, commodities/equipment and logistical/operational support will be provided in order to facilitate the implementation of key sectoral policy and institutional changes and to strengthen the delivery of key quality and equity inputs to Ethiopia's basic education system. A separate companion Project Agreement between USAID and the Transitional Government of Ethiopia (TGE) outlines planned project activities.

The non-project assistance (NPA) component of BESO, described herein, will assist the TGE in developing and implementing many of the reforms that are laid out in the new Education and Training Policy. NPA will alleviate some of sector's resource constraints as well as aid the TGE in pursuing policy and institutional changes necessary to improve decentralized management of the primary education system, improve availability of key-quality related inputs and qualified teaching staff at the school level and the introduce equity enhancing measures for primary education.

II. Program Framework

During the latter half of the 1980s, government coercive policies, civil war and economic crisis led to a drastic decline in enrollment and quality at all levels of the education system in Ethiopia. The Ministry of Education (MOE) estimates that gross enrollment rates at the primary level fell from 35% in 1987-88 to about 22% in 1991-92, and that over 50 percent of students who enroll in primary school, drop out before completing third grade. The indications of poor quality include inadequately trained teachers and school directors, an overly complex curriculum largely irrelevant to rural life, a lack of focus on basic literacy and numeracy, severe under-funding with almost no resources available for essential quality-boosting inputs such as textbooks nor for the rehabilitation of dilapidated facilities, and totally inadequate analytic and planning capabilities at all levels of the system. Equity concerns include both gender and regional disparities in access to education as well as in persistence and performance of students that do enroll into primary schools.

While there is a broad base of need in Ethiopia's primary education sector, it is USAID's conviction that emphasis must be given primarily to overhauling the way the system operates, and, except for the supply of teachers, not quite as urgently to the way specific curricular and instructional inputs are developed and provided. For this reason, the Program will primarily support reforms to Ethiopia's existing system for provision of primary education. In doing so, it focuses on a achieving a balance between the competing objectives of quality, equity and access.

The challenge is made more complex due to the recently started decentralization

of the system, whereby regional and sub-regional administrative units are becoming increasingly responsible for the delivery of educational services to their constituents. The complication arises from the ability of each region to set its own priorities, and consequently the real possibility that these may not follow the most rational or sustainable path for system improvement. Also, institutional, human and financial capacities within regions are variable and often inadequate. On the other hand, under decentralization, a significant opportunity exists due to the shift in decision-making authority to lower administrative levels allowing regions and the structures under them to pursue various improvement strategies which make the most sense for their conditions.

The program has a regional focus; Tigray region in the north and Southern Ethiopia Peoples Region (SEPR) in the south have been selected for more geographically concentrated efforts. They were chosen based on their demonstration of commitment, capacity and ability to meet sector objectives. At the national level, BESO will support policies and procedures which will guide regions toward an expanded system characterized by improved levels of quality and equity, it will also undertake rational system expansion policies and programs; and will thirdly advocate for policies that will enhance the ability of national, regional and school institutions to deliver services which support these objectives. School-level improvements will be the focus of all BESO efforts. Reforms in the overall system will be pursued from the perspective of how they can contribute to school-level improvements.

III. Elements of the Program

A. Program Purpose and Objectives

The BESO Program will seek to improve the quality and equity of primary education in an expanded (and expanding) primary education system. Successful attainment of this purpose will result in greater participation rates, higher primary completion rates, improved student achievement, increased efficiency through reduced dropouts and repetition and a reduction of gender biases in the system.

To achieve its purpose, BESO will target its program assistance to five supporting objectives:

- 1) Improved quality and equity of the primary school environment;
- 2) Improved efficiency and effectiveness of key quality-related services;
- 3) Improved quality of pre-service teacher training;
- 4) Improved decentralized management of primary education; and,
- 5) Increased and more rational and efficient sectoral financing.

B. End of Program Status Indicators

The policy reforms to be pursued through non-project assistance form the core of the Program Agreement and are aimed at achieving, in a manner complemented by projectized assistance, the above five supporting objectives. It is expected that by the end of the BESO program the following indicators will be evidenced:

At the school level:

- An increased percentage of schools will meet reasonable quality standards and more children will have access to quality schools.
- Adequate school governance structures will be in operation and significant resources will be generated and managed by the school.
- Administrators and teachers will be more competent, an increased proportion of the teaching and administrative staff will be female and more teachers will persist at the primary level.
- The gap between boys' and girls' enrollment, persistence, completion will be narrowed substantially.

Within Tigray and SEPR

- An institutionalized data-based planning function will be developed and regional capacity for budgeting enhanced.
- Selected regional and sub-regional offices will achieve greater efficiency in various operations, e.g. strategic planning, teacher assignment and transfer, procurement and will be more effective in providing administrative and technical support to schools.
- The two regions will develop, produce and disseminate quality curriculum, mass media and materials within a reasonable timeframe and routinely evaluate curriculum, mass media and materials as well as effectively use the data collected to plan follow-on activities.

With regard to teacher training:

- Requirements for entry into Teacher Training Institutes (TTIs) will be improved and better quality entrants recruited into teacher pre-service training.
- An increased number of women will enter TTIs and successfully, complete training and a greater number of women will be employed as instructors within TTIs.
- Better qualified instructors will be employed in TTIs.
- A reformed and effective teacher training curriculum targeted to the primary level will be introduced.
- Teacher competency in classrooms (on the job) will be improved.

At the national level:

- A substantial increase in financial resources will be made available to primary education: a) the share of the government budget allocated to the education sector will rise from present levels to at least 16%; and, b) out of the education budget, the share going to primary education will be 60%.
- A functioning policy analysis unit will be established in the MOE serving the education system, influencing planning and decision making and playing an advocacy role for the sector.
- A greater number of private schools will provide primary education and a rational cost recovery scheme will be introduced at higher levels of education allowing for more private contribution toward the cost of education.

C. Program Achievements (Outputs)

BESO program outputs can be categorized into four areas: (1) school level quality and equity improvements; (2) improvements in quality-related inputs; (3) teaching force quality improvements; and (4) regional and sub-regional administrative and management capacity. Because BESO program and project efforts have been designed to complement each other and combine to form a comprehensive assistance package, it is difficult to separate the expected achievements of the program from those of the project. A summary of expected achievements of the BESO Program is provided in the attached Matrix of Program Achievements and Impact.

D. NPA Inputs

An estimated US\$50 million will be provided in the form of non-project assistance (NPA) for specific policy reform measures. These funds will be disbursed in yearly tranches over the life of the program. The release of funds in each tranche is dependent on the government meeting specific conditions related to policy reforms identified and agreed to as an outline for reform implementation during the life of the program. A sub-set of policy reforms have been identified as conditions precedent and covenants to the first and second tranches of NPA budgetary support. These key reform elements have been selected on the basis of their ability to lead to the achievement of the five BESO supporting objectives and to the TGE's Training and Education Policy. The BESO non-project assistance will be tied to and intended to assist in these reforms. All of the reforms identified are considered important for the achievement of overall program objectives. However, within this overall framework, reform objectives have been classified according to the extent to which USAID believes they are critical to successful pursuit and/or implementation of future initiatives and improvements in the education sector. Those considered of absolute priority are included as conditions precedent to disbursement of budgetary support. Those which USAID believes are of similar

significance, but for which progress will be monitored over the course of one to two years, are set up as covenants to either the first or second tranche of NPA. Subsequent tranches will be conditioned on achievement of those policy objectives that the concerned parties agree are significant enough reforms in terms of their anticipated impact on both the achievement of BESO objectives and Ethiopian national, regional and local objectives to constitute legally binding conditionality.

Key conditions precedent and covenants and their underlying rationale for the first two tranches are laid out and discussed in more detail in the attached Program Reform Matrix and the explanatory Conditions Precedent, Covenants and Negotiating Status.

IV. Description of Program Components

The following section highlights key aspects of the BESO Program, focusing particularly on (1) the approach to and rationale for supporting certain policy reforms and, (2) the planned BESO strategy for reaching particular policy objectives.

1) Improved quality and equity of primary school environment

Approach and Rationale

Sub-Objective 1.1: Stimulate parental and community involvement in primary school improvements and to provide resources directly to schools and communities to develop and implement strategies to improve the quality and equity of schools.

The Program recognizes that communities and parents already play a significant role in planning and financing school operating expenses. To maximize community participation, an enabling legal and policy climate that supports community involvement in qualitative improvements, increases their responsibility for the provision of basic schooling and minimizes any constraints to local capacity to contribute financially and substantively to improving basic education is required. The primary reform supported under this component is therefore the establishment of a legal framework for school governance and the improvement of the capacity of schools and communities to raise and retain revenue.

Sub-Objective 1.2: Establish an integrated School Leadership Development System.

It is widely recognized and agreed that one of the key factors influencing school effectiveness is the nature and quality of the leadership and management

provided by each school head. Primary school head directors are appointed based mainly on the basis of longevity or mother-tongue language ability. Training for them occurs during six-week crash programs run at TTIs during school breaks. Once so trained, the directors are essentially on their own, with little additional professional upgrading or support for the rest of their tenure. The way decisions are made on the assignment and transfer of directors needs improvement. The system does not provide extra salary for directors, but some benefits (e.g., housing, status) may exist. The school director also serves as the school's head professional and is expected to provide instructional leadership to his/her teaching staff. The new education policy supports an enhanced role of the school director, but plans for implementing and achieving this have not yet been developed.

The thrust of the reform objectives under this sub-component is to create a framework that enables school directors to carry out the leadership responsibilities required of them in a professional manner. BESO will therefore support the establishment of terms and conditions of school director selection, recruitment and service. BESO will further support reforms that promote women into assuming leadership positions.

Sub-Objective 1.3: Improve teacher motivation.

Teacher motivation constitutes one of the limiting constraints on school-level quality improvement in Ethiopia. Low levels of teacher motivation can be attributed to economic (e.g., inadequate compensation), social (e.g., low esteem of teaching profession), and professional (e.g., desire for training and career improvement) factors. Improvements in teaching conditions for all teachers will attract better qualified teachers, the teaching profession will recoup recognition, and teachers will be more adequately rewarded for good work. The new education policy favors improvements in the way primary teachers behave and are supported, but operational plans for achieving this objective have not yet been developed. Current MOE plans for improving primary teachers' terms-of-service and professionalization need to be analyzed. Also, more dialogue needs to occur regarding plans for in-service teacher training, particularly in light of the new language policy and emphasis under the new education policy on locally developed curricula. In relation to this component, reform in terms of revised and improved terms and conditions of teacher service will be supported.

Sub-Objective 1.4: Increase access and success of girls.

Generally, female enrollment and performance rates are lower than that of boys in Ethiopia. There is, however, considerable inter and intra-regional variation in girls' participation and performance (i.e. drop-out and retention rates). The USAID studies Educational Demand in Rural Ethiopia and Social and Gender Analysis point out that parents cite both demand and supply reasons for

withdrawing (or not enrolling) their daughters in school. This mix of reasons for low demand includes economic constraints, cultural factors, and poor school access and quality.

Variability in gender disparities indicates that a unitary approach to enabling the success of girls would not be warranted. Rather, each community, school, woreda, zone and region needs to reflect upon its local situation and determine locally appropriate approaches for sustaining equity. BESO's program support in this area will focus on the establishment of minimum equity standards in schools.

Strategy

To achieve this supporting objective, USAID will work with the TGE in the following manner:

- It is expected that in the first year of the program the TGE will undertake an analysis of school governance structure and revenue patterns and policy. Thus disbursement of NPA resources in the second year will be conditional on **identification and elimination of constraints and barriers to local decision-making and revenue management**. The intention of this conditionality is that a legal framework for school governance and local financing be established. Within such a framework the legal status of school governance bodies needs to be established; roles and responsibilities of appointed school committees, elected school boards and other bodies need to be clarified and the ways and means open to schools for raising funds to cover operational expenses, capital improvement, or other costs not currently covered by centralized allocations need to be made explicit. For example, policies and laws regarding generation, retention and usage of school income including school fees and land rental revenue need to be clarified and communicated to schools.
- It is expected that TGE will undertake an analysis of career structure, define improved terms and conditions of teacher service and develop a plan for the implementation of such a career structure. Second tranche of NPA disbursement will also be conditional on the adoption of a new career **structure for teachers that addresses the need to improve the terms and conditions of primary school teachers' service and encourages those teachers to improve the quality of their instruction**. The option of publication through a government gazette and the level at which the new career structure will be adopted (either centrally or regionally) will be further explored and included in this condition.
- Reforms towards an improved system for the selection, recruitment and service of school directors will be advocated under the program. National and regional policies need to be examined and modified regarding criteria and

procedures for school director recruitment, evaluation, retention, remuneration and promotion. Directors need to operate under a set of policy and procedural directives which encourage leadership and innovation. The first step in this process is the definition of a school director profile.

- BESO will also advocate reform policies as a means to alleviate some of the constraints on women's advancement in the education system. The BESO program will encourage policy dialogue on minimum equity standards in terms of both access and success of girls in basic education. This should lead to the development of equity standards, codification of policy regarding such standards and equity improving interventions.

2) Improved efficiency and effectiveness of key quality-related services

Approach and Rationale

Interventions under this supporting objective are aimed at improving the efficiency and effectiveness of the services provided by the Institute of Curriculum Development and Research (ICDR), the Education Materials Production and Development Agency (EMPDA) and the Education Mass Media Agency (EMMA); three institutions responsible in the past respectively for all: i) national-level curriculum development, textbook writing, and research and evaluation, ii) textbook editing and printing and educational materials production, and iii) educational mass media production and evaluation. These three central, semi-autonomous institutions are presently in the process of redefining their roles as many of their major responsibilities, especially those that relate to primary education, devolve to the regions.

Sub-Objective 2.1: Develop the technical capabilities of regional curriculum, educational materials and media departments.

With the advent of regionalization, responsibility for i) developing primary school curriculum, ii) writing and designing textbooks and radio broadcasts, and iii) arranging for the printing of textbooks and the provision of other primary school-related materials has devolved to the regions. Program assistance under BESO will be used to pursue government commitment at all levels of the education sector to the importance of developing strong capacity at the regional level in the development of curriculum, writing and design of textbooks, and the production of radio broadcasts for primary schools.

Sub-Objective 2.2: Institutionalize mechanisms and technical capacity to monitor and evaluate the pedagogical-effectiveness and assess the cost-effectiveness of quality related-services.

Developing effective instructional design and educational materials is entirely dependent on mechanisms to evaluate their effectiveness and integrating

evaluation material systematically in a process of feedback into the system which constantly addresses questions of purpose and relevance. Therefore, BESO will support government commitment at all levels of the education sector to pursuing pedagogical-effectiveness and cost-effectiveness analysis and study of educational services, with particular priority to curriculum and materials development, textbook production and distribution and radio production and use in classrooms.

Evaluation which contributes to the improvement of curriculum and educational materials, however, must be grounded in school and classroom processes. Creating this type of evaluation mechanism will require a change in thinking about what constitutes legitimate research and evaluation at all levels of the educational establishment in Ethiopia. Understanding does exist at central and regional levels of the value of classroom-based studies using qualitative techniques, but there is little expertise on carrying out such studies and, because they are generally undervalued in comparison with large survey-based studies using quantitative techniques, little support is provided.

Strategy:

- The objective of improving service delivery requires that a systematic and systemic approach to assessing the pedagogical- and cost-effectiveness of the main service providers be evaluated. Valuable information regarding how textbooks are used, what and how well children learn from the existing curriculum, how effective radio broadcasts are at improving learning, is lacking. Beginning to gather that information and feed it into the decision-making and instructional design process is an important first step towards improving the quality of primary schooling. Therefore, a covenant associated with second tranche disbursement of NPA resources is that **the TGE will undertake to carry out analyses and conduct policy dialogue related to the evaluation of the pedagogical- and cost-effectiveness of services provided by EMPDA, ICDR, EMMA.** In relation to this, it is expected that there will be commitment on the part of government (in terms of time, personnel and skill) to monitoring and evaluating the effectiveness of EMPDA, ICDR and EMMA.
- BESO will support cost-effectiveness of the production and delivery of educational services and efforts to assess the use of information collected on pedagogical-effectiveness in the design/development of educational services.
- BESO will advocate for government commitment to the provision of greater technical and budgetary resources to regions for enhancing regional capacity for curriculum development, writing and design of textbooks and the production of radio broadcasts for primary education. In the second and third year of the program, USAID will also advocate for dialogue on and subsequently the creation of appropriate mechanisms for facilitating dissemination and spread of knowledge gained through

activities related to this supporting activity in the two focus regions.

3) Improved quality of pre-service teacher training

Approach and Rationale

There are three primary school Teacher Training Institutes (TTI) in the two regions where BESO will be directly active: one in Tigray, at Adwa and two in SEPR, at Awassa and Arba Minch. The TTI system in Ethiopia in general suffers from numerous inadequacies and constraints relating to physical facilities, recruitment of staff and trainees, inadequate training curriculum and instructional methods, relations with communities and schools, and administrative relationships with the Regional Education Bureaus, (REBs), Zonal and Woreda Education Offices, and other institutions. BESO efforts at rehabilitating pre-service teacher training are designed to address these constraints. In addition, BESO will look to target problems emanating from recent TTI policy changes and to optimize any opportunities arising from the implementation of the new policies

Sub-Objective 3.1: Recruit better quality entrants into teacher pre-service training.

Performance of students in TTIs has been declining. One reason behind this is that the trainees tend not to have required basic qualifications upon entry. TTIs do not participate in recruitment decision-making and the current process does not permit institutes to select entrants on the basis of demonstrated competencies, or at a minimum, motivation and interest in teaching. To improve the quality of TTIs entrants, numerous reforms in admissions criteria and practices are called for. The following three reforms are supported through the BESO program:

a) Critical analysis of the appropriate school leaving level for primary teacher training. The issue of the appropriate entry level for primary teacher training is an important policy concern under BESO. Research on teacher effectiveness shows that a sound academic foundation is the best preparation. While teachers of lower primary may need some specific emphasis in their professional training, e.g. elements of child psychology versus elements of adolescent psychology, they need as much basic knowledge of core academic subjects as teachers of upper primary. BESO will therefore advocate that reforms to teacher training programs include a critical assessment of necessary educational background prior to entry into TTIs.

b) Establishing stricter admission criteria and strengthening the role of the TTI in recruitment and admission of training candidates. In order to upgrade their standards, TTIs need to develop and administer admission criteria based on

demonstration of an acceptable level of academic competency, as well as an assessment of a candidate's aptitude for teaching at the primary level. While the regional and sub-regional education offices should have input into the selection of TTI entrants, the enforcement of admission's criteria should reside with the institutions accepting the training candidates in order that a minimum standard of quality is ensured.

c) Critical analysis of implications of the proposed six-step teacher career structure. Under the TGE's new education policy, reform of the teaching profession is proposed. This may provide opportunities to address the issue of teacher training and teacher motivation. It is of concern to BESO that the analysis of options for restructuring the teaching career ladder and improving the terms and conditions of employment of teachers be from the perspective of what package could best address the present constraints on the ability of the profession to attract and retain well-qualified teacher training candidates. It is expected that this project objective will be addressed in conjunction with interventions relating to the sub-objective of improving teacher motivation under Supporting Objective 1.

Sub-Objective 3.2: Greater number of women entering and completing pre-service teacher training.

The current level of female participation at TTIs is low; women constitute less than 30% of TTI enrollees. The new education policy calls for an increase in female entry to the teaching profession. Current policy regarding recruitment of female candidates has women and men competing directly for 80 percent of trainee slots, with priority given to women candidates who score at the same level as men. The remaining 20 percent of places are exclusively allotted to female entrants in which case, secondary school examination scores required of female entrants may be lower than the minimum required for the first 80 percent. In support of such efforts, BESO will seek an increase in the TTI entry quota for women, the program will also back the development and implementation of a support system for female TTI students and support the provision of academic remediation when required. Such policy intervention is necessary because the number of women trainees is too low and because women face additional difficulties due to gender biases inherent in the training and living environment as well as a background of disadvantages throughout their education. A policy for the provision of remediation may be necessary to ensure that trainee performance and persistence in the TTIs is not compromised through affirmative action.

Even more striking than the low percentage of female students in the TTIs is the almost complete absence of female TTI instructors (and administrators). Another policy objective of BESO under this component is therefore affirmative action to recruit more female TTI instructors. These policy objectives would

contribute to enhanced gender equity in at least two ways. As growth in the education sector will constitute one important sector of employment growth in Ethiopia, it is important to secure an increasing share of those professional opportunities for women. In addition, increased numbers of women in positions of authority in the education system would serve to establish clear potential career objectives and role models for young girls entering school. It is hoped that this would therefore indirectly contribute to greater female participation and persistence in primary schooling.

Sub-Objective 3.3: Improve the quality of pre-service teacher training instructional program.

The quality of training delivered in the Teacher Training Institutes depends on several factors such as curriculum and instructional methods, quality of TTI staff and their knowledge and practices, availability of suitable instructional resources, adequate and appropriate practice teaching, as well as TTI organization and management. Significant opportunities for reform in this area exist as there is almost universal agreement that primary education and primary teacher training are in a critical state and are priority areas for reform.

Of particular concern however, are constraints relating to the pace and orientation of TTI reforms, as well as the need to sort out assignment of responsibility among central, regional and institutional based authorities. With the new educational policy announced, there is the perception at the central level that new primary education and teacher training curricula need to be produced in a very short time. The time planned between the proposal and implementation stages may be inadequate to deliberate thoughtfully upon the profiles of the learners and teachers, the issue of generalization versus specialization, the integrated and the linear approach to subjects, and effective connections between the school and the world of work. In curriculum development, time is also needed for trial and revision of materials before nationwide implementation.

Key reform objectives under this component are:

a) Critical analysis of the implications of the proposed two levels of primary schooling and teacher training. The new education policy has proposed the creation of two levels of primary schooling and primary teacher training. This is a critical policy issue. The resource implications of implementing this aspect of the new education policy must be analyzed and understood. If resources are inadequate to create and sustain a training system where both levels are of equal quality, the TGE and BESO's goals may be compromised.

b) Reform of TTI curriculum. The quality of TTI instruction is severely hampered by the overly academic nature of the training curriculum. Instruction in

methodology specific to teaching in primary school is lacking and supervised practice teaching is entirely inadequate. However the decision to train subject specialists for upper-primary schools is a critical issue that requires further analysis. It is more costly to train specialists than generalists and more challenging to deploy them rationally and efficiently outside of large schools in towns. Under the planned two year TTI program, BESO would advocate a degree of specialization determined by the needs of the primary school, the academic background of the entrants, the balance between professional and subject content plus the most cost effective use of the TTI's instructional resources.

c) Greater managerial autonomy for TTIs in particular with regard to their role in hiring and managing their personnel and policy reform in relation to the establishment of criteria for TTI staff recruitment. There is a general need for greater autonomy in TTI management. This would include greater responsibility for planning and budgeting as well as TTI operation but is most critical in the area of recruitment of instructors. Improvements in the instructional quality of pre-service training will depend on recruitment of TTI personnel on the basis of a demonstrated competency, aptitude and qualifications particular to the role of training primary school teachers. The extent to which a TTI can exert autonomy over staff recruitment and management is a strong determinant of its ability to effect the quality of instruction it offers.

d) Improvement of conditions of service for TTI instructors and opportunities for staff development. TTI staff are currently employed under the same conditions of service as secondary school teachers. It is believed that a separate category of teaching specific to teacher training is necessary to encourage instructors with greater capabilities into TTIs.

e) Availability of adequate resources for instructional improvements, maintenance of facilities and improved recurrent operation. Sustainable improvement in the quality of pre-service training will require planning for, budgeting, and receiving recurrent financing commensurate with an improved level of operation.

Sub-Objective 3.4: Improve the quality of teachers produced by TTIs.

BESO's supporting objective of improving the quality of teacher pre-service training is predicated on the assumption that improvements in that training will lead to tangible results in primary school classrooms. An important aspect of realizing this objective depends on the extent to which pre-service training is linked to standards of teacher performance in the classroom and to the extent to which TTIs can monitor the progress of their graduates. In relation to this, the following two reforms will be supported: a) development of a professional teacher certification system and b) budgetary allocation of resources to ensure

operationalization of TTI graduate follow-up and support systems.

Strategy

The following constitute USAID's interventions under the program to achieve the reform objectives under Supporting Objective 3:

- In the first year of the program BESO will actively support a process of teacher certification involving TTIs, Regional Education Bureaus, schools, and the MOE. **Submission of an acceptable plan of action for implementing a policy on primary teacher certification is, therefore a condition on which the first tranche of NPA disbursement will be dependant.** Certifying that new teachers meet a standard of professional competency should be demonstrated by actual classroom performance and not mere completion of pre-service education if this is to enhance the TGE's capacity to improve the quality of the education those teachers will help to deliver. Establishment of certification criteria and system will be pursued in the second year of the program. The program will also advocate greater commitment to monitoring, evaluation and follow-up of TTI graduates and the development of a plan and allocation of a budget for the implementation of such follow-up.
- It is expected that further analysis of the proposed restructuring to TTI curriculum and instruction will be undertaken in the first year of the program. Based on such an analysis, disbursement of NPA resources in the second year of the program will be conditional on the **establishment of national and focus-region plans for the reform and improvement of the curriculum of Primary TTIs and the submission of such plans to USAID.** In relation to this conditionality, BESO hopes to help ensure that the reform of TTI curriculum is undertaken with an eye towards increasing emphasis on teaching methodology specific to the conditions of Ethiopian primary schools, grounding training in practical knowledge and classroom practice, and simplifying and reducing course content. It is anticipated that implementation of reforms of TTI curriculum along these lines will be underway in the third year of the program.
- All desired improvements in pre-service teacher education will amount to nothing if existing insufficiency in recurrent resources for TTIs is not addressed. Therefore, disbursement of second and third tranches of NPA will be conditioned on **continuous improvement in resource availability for regular maintenance of buildings, equipment and furniture, adequate living conditions for trainees and staff, and purchase of instructional materials on a regular basis.** It is expected that improvements in resource levels budgeted for TTIs would be accompanied by their increased autonomy.
- In conjunction with reforms regarding TTIs under the new education policy, and in keeping with TGE policy of decentralization, USAID will support greater

control of TTIs over admission of students to pre-service training in order that they may recruit better quality entrants. Thus a covenant associated with second tranche disbursement of NPA will be that **greater authority and control over recruitment, selection, and admission of trainees will devolve to the Primary Teacher Training Institutes**. It is expected that TTI admission criteria will be improved in the first year of the program. The development of such criteria should be based on a critical assessment of necessary training prior to entry and should also include consideration of aptitude for teaching at the primary level.

- . BESO will support central, regional and TTI efforts to increase the percentage of TTI places set aside for female trainees. In relation to this, the program includes a covenant that **the proportion of TTI entrants who are female will increase significantly during the life of the program**. In addition to this, it is expected that beginning in the second year of the program that the government will demonstrate commitment to developing a support system for female trainees. BESO would also advocate and support the development of outreach efforts to encourage females to apply for entry to teacher training.
- . BESO pursuit of greater gender equity in pre-service teacher training will also include advocacy for the analysis of constraints on female TTI staff and the development and implementation of affirmative action programs for recruiting women to be instructors or administrators in the TTIs.
- . BESO will advocate the definition of profiles for TTI instructors and the pursuit of career reforms deemed most cost-effective for redressing current short-comings in the terms and conditions of service for TTI instructors in the first year of the program. It is expected that in subsequent years a plan for staff development will be developed. BESO will also advocate for increasing TTI authority over staff hiring and institutional management concerns.
- . The program will, in general, advocate specific attention to issues of cost-effectiveness and efficiency implications of any policy reform relating to the teaching profession, teacher training and primary school curricula.

4) Improved decentralized management of primary education

Approach and Rationale

Regionalization in the education sector has led to the creation of education offices at new levels in the system, and is engendering a rethinking of roles and responsibilities at the different administrative levels. Regional, zonal and woreda education offices have taken on most of the line functions previously assumed by the central MOE. To adequately perform this role, they need to develop specific administrative and managerial capacities while the MOE develops functions of coordination, policy development and analysis.

Some regions, zones and woredas that inherited basic administrative infrastructure have welcomed the opportunity to assume new responsibilities, while others may remain dependent on assistance from the MOE. Variable capacity stands out as the most striking characteristic of the education system during this period of transition. The diversity in administrative competency is even more severe at the lower levels, where there is great heterogeneity in staffing patterns and personnel qualifications. For example, some woreda education offices in SEPR have already been staffed with as many as 31 people, while those in Tigray are limited to from one to three professional staff.

USAID will pursue under BESO the improvement of key administrative functions at whatever level the system can best assure the improvement of primary schooling. However, it a basic premise of the program that essential to the development of an administrative system that is supportive of school-level improvement is the ability to minimize the growth of that system and to assure that the development of administration and management capacity is not accomplished at the expense of resources that could better serve to enhance educational quality.

Sub-Objective 4.1: To strengthen the institutional capacity of the Planning and Project Department (PPD) of the Ministry of Education so that it can effectively serve as the policy and coordination center of the country's education system.

The restructuring of the MOE this past year included a redefinition of the function of the former central planning unit. As operational planning has devolved to the regions, the PPD sees itself as more of a policy development and coordination unit. In order for the PPD to perform such a function, it needs to have a clear mandate to gather necessary information, produce analytical findings, propose policy alternatives, model financial and impact scenarios, and liaise with the regions, the Ministries of Finance and Planning & Economic Development, and the office of the Prime Minister. Further, PPD needs to be clearly identified as the central entity for coordinating external assistance to the education sector, and that coordination needs to be a function of an enforceable sectoral development policy and strategy framework. Thus the program will support the development of a policy analysis and coordination mandate for the PPD. It will also support the clear articulation of the delineation between central and regional authority and responsibility.

Sub-Objective 4.2: Improve key administrative and management functions of the Tigray and SEPR Regional Education Bureaus.

Regional Education Bureaus (REBs) have taken on the primary operational responsibility for administering the delivery of basic education. This is especially true in Tigray where a strong regional identity provides the REB with a central role in managing the sectoral planning and budget functions. The following

reform objectives aim to improve REB capacity:

a) Functional approach to the development of REB responsibility and capacity. In the interest of pursuing a streamlined approach to development of the education system's administrative apparatus, BESO would advocate an operational analysis of regional and sub-regional administrative offices. This analysis would identify the most cost-efficient approach and structure for regional sectoral management, with an eye towards separating administrative and pedagogical support functions

b) Development of a rational basis for sector planning. The effectiveness of BESO assistance within the regions will depend to a great extent on the ability of the regions to effectively plan for, allocate and expend resources as required for the implementation of strategies to improve and expand basic education. The starting point for improvements in regional sectoral planning is the acceptance of the need to link development plans to a thorough assessment of the status of primary education, to frame development objectives within the realistic appraisal of resource availability and to link projected sectoral investments with recurrent financing requirements. Increased resource allocations for primary education should be contingent on REB commitment to rational planning and budgeting as demonstrated by the development of regional strategic plans.

Sub-Objective 4.3: Improve key administrative and management functions of selected Zonal Education Offices.

In the two regions where BESO will be directly active, the roles of the zonal education offices differ considerably. In Tigray, the Zone does not constitute a separate political layer within the regional structure. It is an extension or deconcentration of the Regional Executive Council's authority. In SEPR, Zones were originally configured as regions themselves. They, therefore, are considered separate political units within a regional affiliation. Given this difference, BESO strategy for the development of the administrative and management capacity within zonal education offices will be flexible in order to respond to the different devolution of authority that may emerge in the two regions. An area of emphasis will however be the limitation on development of zone staffing based on functional analysis of operational requirements.

Sub-Objective 4.4: Improve key administrative and management functions of selected Woreda Education Offices.

The Woreda Education Office (WEO) is the government administrative and support unit closest to the school level. The ability of the education system in Ethiopia to provide resources and support to primary schools depends on the development of WEO capacity to deliver those services. At present the

education system in both SEPR and Tigray (and all other regions) is characterized by the absence of meaningful administrative and pedagogical support at the woreda level. Few, if any, resources, besides teacher salaries, flow from the woreda to schools. In fact, resources tend to flow in the opposite direction, with a percentage of school revenue serving as WEO operating budget. Thus, BESO will support reforms in the following three areas: a) limitation on WEO staffing based on functional analysis of key school support operations; b) definition of operational norms for WEO priority school support functions; and, c) availability of adequate recurrent financing for WEO operations.

Strategy

- Implementation of regionalization during the past year has been characterized by confusion at various levels within the system over which entities at which levels will assume responsibility for different policy, administrative and management functions. Transparent dialogue between the regions and the MOE and within regions will be required to assure that decentralization progresses in a coherent manner and that duplication and conflict are minimized. BESO would expect such a dialogue to occur regularly and lead to a rational assignment of functional authority at all levels of the system. In relation to this, the TGE will be required to provide **USAID** with a detailed statement indicating the appropriate TGE entities having financial, policy, institutional and/or administrative authority in the areas relative to the objectives contained in the **BESO Program Reform Matrix** as a condition precedent to disbursement of the first tranche of NPA resources. Compliance with this condition will help make explicit the level at which different decisions could be expected to be made and who will need to be included in policy dialogue concerning different areas of reform. TGE compliance with this condition will also demonstrate willingness to cooperate with **USAID** in realizing shared objectives.
- Many BESO quality improvement objectives rely on the supportive nature of the interaction between Woreda Education Offices, schools and communities. To meet those objectives, the WEO must have resources to allow it to provide key services (school director training, book distribution, etc.) to its local partners, as well as serve as a coordination point for local cooperation. In the first year of the program, BESO will advocate for the definition of operational norms for WEO school support functions. Second and possibly third tranche disbursements of NPA will be dependant on the submission to **USAID** of the official E.C. 1988 Regional Budgets for Tigray and SEPR demonstrating that resources are allocated adequately to assure the basic school support functions for Woreda Education Offices.
- Disbursement of the second and possibly later tranches of NPA disbursement is also conditional on the development and submission to **USAID** strategic

plans by the Tigray and SEPR Regional Education Bureaus for the comprehensive development of primary education. As part of the conditionality for the second tranche, it is expected that such plans will link capital investment and recurrent financing needs. It is expected that later plans will also incorporate provisional Minimum Quality Standards (MQS). The development of REB strategic plans is an important component of institutionalizing the capacity to rationally allocate resources in the education sector. Basing strategic plans on the provision of MQS ensures that quality improvements are planned and budgeted for. Linking capital and recurrent budgets in those plans ties the expansion of the system to the provision of that quality standard.

- In addition to the above, BESO will advocate for (a) a clarification of the mandate of and the provision of an adequate for the MOE's Planning and Project Department and (b) operational analysis of regional and sub-regional administrative offices to ensure a streamlined approach to development of all administrative offices within the education sector.

5) Increased and more rational and efficient sectoral financing

Approach and Rationale

BESO's effort under this supporting objective are intended to address the concern of appropriate financing of the education sector and that resources made available for the education sector are used efficiently, rationally and effectively. This includes issues of both allocation as well as use. Furthermore, although the TGE has committed larger shares of its budget to primary education, the sector will remain underfinanced as long as it is almost exclusively dependant on the public sector. Thus there is a need for diversification of sectoral financing and institution of cost recovery where and when practicable.

Sub-Objective 5.1: Increase availability of non-salary resources for primary education.

BESO will advocate for maintained or increased national budget allocations for primary education and increased budgetary expenditure on non-salary, school-level, quality-enhancing inputs. Although the pattern of government budgetary allocation indicate an initial commitment to establishing basic education as a priority for Ethiopia, implementation of the TGE's education policy will require a continued provision of increased amounts of government budget for primary education and within the primary education budget to non-salary expenditure.

Another concern is the sustainability of current levels of investment programs. The need to invest in both rehabilitation of educational infrastructure and construction of schools to expand access is obvious. However, it is not clear

that capital expansion budgeted in 1993-94 was planned based on MOE capacity to staff new schools and to attract students to enroll in them nor were recurrent cost implications of budgeted levels of investment properly assessed. In the present context, it is imperative that investment proceed at a rate that does not exceed the regions' ability to fund the operation of the sector. Demand for education is already low. Expanding at the expense of quality may well exacerbate recent patterns of decline in demand. This constitutes a potentially tremendous and tragic waste of resources. Minimum standards for school quality can be used by the education system to both help orient school initiatives to improve quality and to help government make decisions about resource use in the education sector; linking the expansion of the system to the provision of those standards. Therefore, under this component, USAID will also support the establishment of minimum standards for school quality.

Sub-Objective 5.2: Reduce the burden on the public sector for the financing of education.

Improvements in the quality of primary education and more equitable expansion of the system will constitute a tremendous drain on government resources for a long time to come. Overcrowding in urban public schools indicates excess demand. High levels of enrollment in private schools prior to the previous regime's suppression of private schooling indicate willingness to pay for schooling among certain segments of the population. Increased private provision of education at all levels and greater private contributions to the cost of public education would meet some of the excess demand and help alleviate some of the strain on government resources.

In relation to cost recovery, primary schools charge fees for various purposes (e.g., registration fees, book rental fees and sports fees). They also generate revenue from land endowment through rental fees or share cropping. There are, however, some changes in progress as the new education policy calls for free primary education. In addition, in some areas the practice of endowing primary schools with 10 hectares of land is succumbing to pressure from surrounding communities to recoup that land. These circumstances could deprive primary schools of their main sources of operating budget. At the junior and senior secondary levels, student fees represent 17 and 9 percent of school revenues, respectively. At present, no cost sharing or cost recovery is enacted at the tertiary level. Although the Education and Training Policy advocates cost sharing at these levels, the actual terms and mechanisms for its implementation are yet to be determined. Given this situation, BESO includes three reform objectives under this component of the Program: a) promotion of private provision of education; b) establishment of mechanisms for cost recovery and cost sharing at higher levels of education; and, c) improved capacity of primary schools to raise, retain and use resources.

Sub-Objective 5.3: Rationalize the allocation and use of resources within the education sector.

Whatever the absolute and relative levels of education-sector expenditure, the issues of efficient and effective use of resources will remain critical to the capacity of the sector to improve and expand. Four areas in which resource wastage is high have been identified. These include assignment of teachers and non-teaching personnel, effectiveness of expenditures on pedagogical inputs, potentially excessive administrative costs and student wastage (in terms of drop-out and repetition rates). BESO will support:

- a) The establishment of an overall sectoral policy advocating a strategic approach to planned development of the education sector. As has already been indicated, investment plans and recurrent budget are developed separately. In addition to the development of minimum quality standards of school quality as benchmarks for determining the pace of expansion in the system, USAID, through BESO will advocate for the development of a strategic planning framework and the development of national sectoral objectives and regional strategic education development plans.
- b) Rationalized primary school teacher assignment and transfer. This will contribute markedly to the system's capacity to make efficient use of its resources. Expectations of enrollment growth and quality improvements are based on an assumption of more efficient use of teachers. There is a large variation of teacher:student ratios and use of teachers' time in schools within Ethiopia. This is partly due a policy which permits more experienced teachers to transfer into towns, regardless of need. More rational assignment of teachers and reforms to the transfer policy, as well as the adoption of self-contained primary instruction, would greatly facilitate expansion of the system and reduce unit costs.
- c) Reduction of administrative and other overhead costs. A large share of sectoral resources is being consumed by the establishment of education offices at each of the new territorial sub-divisions: 11 regions, 64 zones, and 669 woredas. Rationalization of the administrative structure so that it may provide support to schools while consuming a minimum of resources is important if resources are to be made available for school improvements.
- d) Reduce repetition and drop-out in primary grades. Drop-out and repetition rates are reportedly high. While sectoral data is sketchy, indications are that the percentage of repeaters in the primary grades (1 to 6) was as high as 44 percent in 1988 and that drop-out rates for the six primary grades average around 16 percent, with extremely high rates in the first two years. However, reduction of student wastage could increase the capacity of existing infrastructure as well as reduce the cost of producing a primary school

completer.

e) Pursual of cost savings through competitive procurement and greater private sector provision of services. Gains in the cost efficiency of materials development and production and in approaches to service delivery represents an important unexplored area for resource savings in the education sector. It is anticipated that significant efficiency gains, and cost savings, can be realized through more competitive procurement of educational goods and services, in which private sector firms compete for the opportunity to offer their services to the TGE. For the education sector to benefit from this potential area of cost savings, existing policies or practices that may create barriers to private sector entry into these markets will need to be removed.

Strategy

- . BESO-provided budgetary support is intended to facilitate and leverage through conditionality maintenance of the present government allocative priority towards primary education. To launch the BESO program, USAID would like to see a demonstration on the part of the TGE of a willingness to continue the pattern it has established of increasing allocations to education. Conditions precedent to the first three tranches of disbursement of NPA resources are in the first year, an increase in the share of budget allocations for the education sector by at least as much as the overall TGE budget has increased (net of debt payments) or by 15%, whichever is greater. In the second and third years of the program, it is expected that the education sector's share of the total TGE budget (net of debt payments) will equal at least 16%. Furthermore, there should occur a progressive increase in the share of budgetary allocations for primary education so as to grow towards 60% of the total education budget by E.C. 1994. Continued budgetary support through BESO will only serve to advance sectoral objectives if the TGE is committing sufficient amounts of its own revenue to fund basic education.
- . In order to assure that additional resources lead to appreciable improvements in the quality of primary education and the equity of its provision, budgetary support would be accompanied by a conditionality in the second year of the program in which the government demonstrates significant real increases over the previous year in unit non-salary expenditures on school level quality enhancing inputs for primary education. Progressive increases in unit non-salary expenditures would be expected over the life of the Program. Such expenditures may include textbooks, chalk, blackboards, desks, notebooks etc. The intent is to focus on delivering to schools the inputs required to improve the learning environment.
- . The above conditionality explicitly target allocations at the national or central government level while requiring reporting on actual (or accrued) expenditures

on education in the two target regions. Realization of sectoral objectives within the two focus regions will remain hostage to the regional government's ability to expend resources that have been budgeted for the sector. Whether expenditure levels match budget allocations depends on regional financial management capacity and the evolution of the macro-economic and overall fiscal environment of the country. To be sustainable, the pace of a reform should not exceed government capacity to generate revenue and manage resource flows to the sector. If economic conditions deteriorate to the point where planned levels of resource allocation to education cannot be guaranteed, or if the regions fail to manage their resources effectively, then the TGE and BESO's goals would be compromised.

- BESO will require the development and enforcement of basic quality standards as the means to ensure that planned expansion of primary education proceed at the rate at which the government can budget for needed recurrent resources -- e.g. provision of teachers, books and materials. Thus, as a covenant associated with the first tranche of disbursement of NPA, it is agreed that a **plan for developing a Minimum Quality Standard for primary education will be adopted and initial implementation steps taken as an integral part of the TGE strategy for rationally planning for improving quality and equity in an expanding primary education system.** This covenant also provides a mechanism for structuring dialogue among stakeholders as to what constitutes a minimum quality education and what are the essential inputs that help assure its attainment. Following on this, it is agreed under a covenant in the second year of the program to **adopt an initial definition of a Minimum Quality Standard for primary education and submit to USAID a plan of action for applying that standard as a means to plan for the development and improvement of primary education in the two focus regions.** A likely condition precedent to disbursement of the third tranche of NPA resources is the establishment of a minimum quality standard baseline and development of national sectoral objectives and regional strategic education development plans.
- BESO will advocate the adoption of clear policy guidelines intended to maximize the potential for private sector involvement in textbook, pedagogical materials, equipment, and furniture procurement. BESO will also pursue the policy objective of progressive privatization of those functions currently inefficiently carried out by public institutions (i.e. distribution of textbooks). **The examination and elimination of barriers to private sector procurement of educational goods and services will be a condition precedent to the disbursement of the second tranche of NPA resources.**
- Within the context of the proposed revision of the teacher career structure and salary scale, an opportunity exists for implementing and refining policies regarding teacher assignments in rural areas, workload norms, and transfers. BESO will thus advocate re-assignment of surplus teachers within regions to areas where they are needed and support the establishment and

implementation of minimum teacher workloads (in terms of class hours per week) and reduction of subject specialists at the primary level. BESO will advocate for the consideration of potential for such efficiency gains in the drafting of the new teacher career statutes. It is agreed that in the second year of the program, the government will take measures if needed to strengthen recently established norms for teacher workload, in terms of (a) minimum hours of teaching per week, (b) new policies governing teacher assignment and (c) new policies governing teacher transfers. It is expected that in the following year, the established norms will be incorporated in REB strategic plans.

- BESO will support policy reform aimed at more rational employment and use of administrative staff in regional and sub-regional offices and non-teaching personnel in schools. As stated under Supporting Objective 4, this would include development and implementation of function and workload-based norms for staffing of decentralized education administration offices. It is agreed by a covenant associated with first and second tranche disbursements of NPA that analysis and subsequently a reduction as appropriate of administrative costs in education administration in Tigray and SEPR is carried out.
- BESO would support an analysis of school and system-based policies and practices that may directly or indirectly lead to student wastage. On the basis of such an analysis, BESO would support policy reforms intended to remove school-based factors contributing to repetition and dropout.
- BESO will support the development and establishment of a policy environment conducive to greater private-sector provision of education at all levels. Specific elements of such a policy advocated by the program could include the establishment of private education accreditation requirements and government support policies aimed at encouraging and facilitating the establishment of private schools, be they non-profit or for-profit. A significant increase in the percentage enrollment in private schools is expected by the fourth year of the program.
- In support of the TGE's stated policy to implement cost recovery, BESO will advocate the definition of specific mechanisms through which cost sharing could progressively be pursued at senior secondary, tertiary and/or vocational and technical institutions.

V. Program Implementation and Management

The BESO Program constitutes an agreement of the TGE to undertake the reform of basic education with the support and assistance of the United States Government. In entering into this agreement the two parties will identify the critical elements of reform and will determine a strategy and schedule for monitoring and measuring the reform progress and results.

In order to manage the reform effectively with both parties to the agreement fully informed of expectations, actions, accomplishments and issues, it will be necessary to establish at the outset management structures which will have responsibility for Program oversight and for reporting the results of the reform effort in a form and on a schedule to which the two parties agree.

To this end the TGE will appoint a BESO Central Coordinating Committee (BCCC) which shall be responsible for overseeing and reporting on reforms in finance, progress on decentralization of education administration and policy changes that affect school quality and equity. The BESO Central Coordinating Committee will represent the country's leadership in dealing with external assistance programs, planning, finance, decentralization and education, and possess the authority to act on issues of importance to the BESO program.

Representation from the MOE, MOF, MOPED, MEEC, and PMO (regional affairs, women's affairs, social services sector), as well as the Heads of the Tigray and SEPR REBs, would be required on the BCCC. The members of the committee from each of these offices should respectively be able to:

- represent the Minister of Education on issues of education sector policy;
- speak authoritatively regarding overall government budget allocations and expenditures, as well as those within the education sector;
- represent the MOPED education sector expertise and authority on capital investment planning and objectives;
- represent MEEC interests and authorities pertaining to USAID assistance programs;
- represent the PMO authority responsible for the education sector, women's affairs and the regionalization office's Tigray and SEPR representatives; and,
- report on BESO implementation progress in Tigray and SEPR.

The BCCC will need to have primary authority for recommending and establishing negotiating positions for agreements with USAID on BESO reform objectives and specific conditions precedent to budgetary support tranche disbursements. It will also be responsible for demonstrating compliance with agreed-to conditions and for providing overall annual progress reports on implementation of BESO related reforms. A BESO Primary Education Policy Research and Evaluation Working Group comprised of MOE, Regional and institutional representatives will be created to provide reports to the BCCC and to serve as the counterpart for the USAID monitoring and evaluation specialist. The BESO CCC will meet at least two times each year to review the reports and will meet once at the end of the Program year as part of the regular BESO annual review.

In addition to the BESO Central Coordinating Committee, the two Regional Education Bureaus will establish BESO Regional Coordinating Committees to

oversee and report on primary education reform at the regional level. The two committees will be constituted by the Regional Education Bureau Head and will include sub-regional representation and persons responsible for planning, budgeting, curriculum and materials, personnel, supervision and other functions key to the reform at the regional level. They will also include appropriate representation from the Regional Council, Regional Finance Bureau, and Regional Planning Bureau. The BRCC will need to have authority to make commitments on behalf of the regional government to implement the reforms negotiated as elements of the BESO program. This could pertain to financial, institutional, and education specific reforms.

The BESO BRCCs will meet at least two times each year to review reports from the Primary Education Policy Research and Evaluation Working Group and will meet at the end of the Program year as part of the annual review and determination of objectives and conditionalities for the coming year. Each BRCC will be represented on the Central Coordinating by the Head of the REB. The establishment and regular operation of the BCCC and the two regional BRCCs will be a Condition Precedent to the disbursement of the first tranche of the budgetary support.

Effective management of the negotiation of agreements and reporting on reform progress will also necessitate a formal Annual Tranche Review. Each year, the BESO Annual Review will serve two purposes. First, it will provide a structured forum in which all concerned parties (central and regional governments, technical education personnel, USAID, USAID's contractors, etc.) can assess program progress. The assessment of BESO progress would examine both implementation status and impact. In particular, the Annual Review would be concerned with the status of policy reform and progress towards meeting the BESO program reform objectives. The second purpose of the Annual Review pertains to the monitoring of conditionality and setting of subsequent tranche conditions. Each year, following agreed-to reporting requirements, the TGE will officially submit documentation of compliance with BESO conditionality. The exact form and nature of the documentation required will be negotiated at the previous year's Annual Review. In the case of the first year, this will be negotiated at the outset and codified in a Program Implementation Letter (PIL) from USAID to the TGE.

The Annual Review will also serve to assess program progress and reform status; thereby providing the basis for reaching agreement on reforms which all parties think are important and achievable in the coming year. Annual negotiation would include discussions of subsequent reform objectives, expectations for progress towards meeting them, expectations for input from all sides, and agreement as to what should constitute conditionality for the next tranche of BESO budgetary support. Agreement would also be reached and documented in PILs from USAID to the TGE as to what would satisfactorily

demonstrate realization of the policy objectives identified as conditionality and what would be required as proof of compliance with the conditions.

VI. Program Financial Plan

Foreign Exchange and Local Currency

Two types of financial resources may be provided or managed under BESO: dollar resources and possibly local currency. In the case of each, USAID and the TGE will agree on eligible uses of the resources and also agree on specific modalities for managing such resources.

Programming of Resources

The total USAID financing requirements for the combined BESO Program/Project are estimated at US\$80.0 million over a planned seven year LOP. The source of funding is the Development Fund for Africa for both the NPA program support component, estimated at US\$50 million, and for the project portion, estimated at US\$30 million. The NPA program component will be authorized and obligated in annual tranches as cash grants and will be disbursed into Special Dollar Accounts upon satisfaction of agreed upon NPA conditionality (policy reforms).

BESO will pursue two options for use of the NPA Dollar Cash Grants: (1) sale of Dollars in the TGE's foreign exchange auction, and (2) payment of eligible debt service. The first option results in the generation of local currency, while the second does not. For each year's NPA, both of these options will be considered and the choice made within the context of prevailing USAID policy and Ethiopia's needs and conditions.

The first option of selling dollars at the TGE's foreign currency auction would make foreign currency available to Ethiopia's private sector through a means which has been recognized as both competitive and transparent. This would help stimulate the private sector and economic growth, and from this point of view represents an attractive option.

United States Government legislation requires that when local currency is generated through use of NPA Dollar Cash Grants, it must be deposited in a special local currency account and used for mutually agreed purposes. The World Bank and several other donors have agreed that local currency generated under their assistance is put in a common pool and is used for mutually agreed purposes. The USAID Mission would like to examine the pros and cons of joining this common donor local currency pool. Potentially, the use of the common pool could result in better coordination of donor contributions and could reduce administrative costs. Also, it might be that if there is a high degree of confidence in the accounting and reporting from the common donor

pool, USAID might not need to track the local currencies beyond their deposit into the pool (possibly at that point also designated for use for specific purposes in the Education Sector or elsewhere). This might greatly reduce the effort required to track use of local currencies.

A recent report by Price Waterhouse found a low to medium level of confidence in the TGE's accounting and reporting systems. Under USAID's financial guidelines, low to medium confidence means that general sector support for use of NPA generated local currency can't be approved. However, specific sector support may be possible under BESO, possibly with some specific strengthening of the accounting and reporting systems through a combination of training and technical assistance. Since the Price Waterhouse study does not address the question of how to manage local currency generations under BESO, another study focused on this issue will be needed before proceeding with a program to utilize local currencies generated under BESO.

The option of payment of eligible debt service is allowable under USAID's Africa Bureau NPA Guidelines and would be in all likelihood acceptable to the TGE. The first priority for payment of debt is debt owed to the U.S. Government. However, debt owed by Ethiopia to the 12 Paris Club members including the United States has been rescheduled to come due after October, 1995. As a result, there are only modest amounts of U.S. debt service coming due in the next several years. Debt service to the World Bank, the African Development Bank, and other multilateral development banks has not and will not be rescheduled. This multilateral debt service is on the order of \$60 million in 1994/95 and \$75 million in 1995/96 and increases in subsequent years. Most of this debt service is in the TGE budget except for a small percentage which is parastatal debt and is off-budget.

Therefore, it is feasible to use the entire BESO NPA annual amounts (ranging from \$8 million in the first year to \$6 million in the last year) to pay on-budget US Government and multilateral debt. This option would free the TGE from budgeted debt payments and would free up resources which could then be applied to the Education Budget. Under the debt payment option, no local currency would be generated and therefore no tracking of local currency would be required.

In light of the finding of the Price Waterhouse reports, the only option which may be immediately available is that of debt service payment. As a result, debt payment is the preferred option selected during the first year, and probably the second year of the NPA.

Obligation and Disbursement Schedule

The schedule for disbursing NPA takes into account USAID's likely operating

year budget, yearly intervals for assessment of policy reform and agreement on future policy changes and the Mission's schedule for obligating funds into the Program. A tentative schedule for disbursement and obligation of funds is shown in Table I:

Table I
NPA Tentative Disbursement and Obligation Schedule
(US \$ 000)

	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
Obligation	\$8,000	\$0	\$8,000	\$8,000	\$7,000	\$7,000	\$6,000	\$6,000
Disbursement	\$0	\$8,000	\$8,000	\$8,000	\$7,000	\$7,000	\$6,000	\$6,000

VII. Government of Ethiopia Contribution

The Program budget does not include any formal TGE contribution to the BESO Program. Instead, the Mission has obtained AA/AFR approval for a waiver from the Section 110 requirement for this activity.

VIII. Monitoring, Evaluation and Reporting

A. Overall Program Assessment

The evaluation and monitoring plan is designed to:

1. Meet the USAID requirements for demonstrating BESO's progress, impacts and satisfaction of conditionalities;
2. Strengthen the management of basic education reform in Ethiopia and improve implementation at all levels of the primary education system;
3. Build the capacity of the primary education system to monitor and evaluate its own performance;
4. Disseminate promising primary education practices to schools, districts and regions throughout Ethiopia.

The monitoring and evaluation function will be managed by a senior specialist at USAID reporting directly to the Chief of the Human and Institutional Development Office. He/she will work closely with USAID's BESO Program Manager and will have the lead responsibility for ensuring that USAID meets its reporting requirements, that sufficient feedback is provided to program and project implementers as to program progress, that policy analysis and evaluation capacities are built within the TGE and cooperating institutions and that "lessons

learned" in the program are made available to the TGE for dissemination. A Primary Education Policy Research and Evaluation Working Group comprised of MOE, Regional and institutional representatives will serve as the counterpart for the USAID monitoring and evaluation specialist.

The starting point for evaluation of the program is the creation of a baseline for the BESO Program. Data for a such a baseline will be collected early in implementation, primarily during the first year. The baseline studies are as follows: Primary Education System Profile, Financing Study, Decentralization of Education Management, Primary Teaching, Primary School Administration, School Quality, School Governance, Book/radio/materials Study, School Equity and Student Achievement.

Given the aims of the BESO Program and the limitation of the system to adequately monitor and evaluate progress on the Program, it will be necessary to include more assistance in this area than might be provided in a typical education project. The monitoring and evaluation scheme includes four strategies.

1. Monitoring and Reporting National Level Indicators

National level indicators will be reported annually by the BESO Central Coordinating Committee (see below) for system-wide performance and for performance by central service agencies including ICDR, EMPDA, EMMA and the TTIs.

2. Evaluation of Regional and Sub-regional Performance

Regional/sub-regional performance will be reported annually and monitored quarterly by two BESO Regional Coordinating Committees (see below).

3. Studies of Communities and Schools

BESO will support the study of several classrooms in the two targeted regions of Ethiopia in order to observe system changes as they occur at the school and student levels. Participating classrooms will be drawn from Zones and Woredas where there is a commitment to BESO (including the woredas where targeted TTIs are located). At least one-quarter of the classrooms will be in schools that are not receiving direct project inputs under the grants program.

4. Disseminating Promising Practices

Because BESO will foster innovation at several levels of the primary education system, it will be important to capture promising practices and package them for adaptation in other parts of the system not receiving direct support from BESO.

BESO should plan to produce 20-30 brief, informative documents during the life of the Program and to hold or participate in 3-4 workshops each year sponsored at the Regional/sub-regional or national levels.

B. External Evaluations and Audits

The Program shall have one formative evaluation and a final evaluation. These external evaluations of the program are planned to check the validity of the program's logic and distribution of costs and benefits. The evaluations will be designed to assess overall impact and to look at the integration between the policy and project components of the program. The first formative evaluation, will be scheduled for about three years after the arrival of the project technical assistance team. The evaluation will examine the experience of the first three years of the implementation and identify needed adjustments in the program. The final evaluation is planned for the conclusion of the project to provide a summative assessment of the Program. In addition to the evaluations, regular audits of both Program and Project components are planned.

C. Reports

Documentation required to judge program progress and validity of key assumptions will be submitted by TGE counterparts to substantiate achievement of the conditions precedent. USAID's Human and Institutional Development (HID) Office, together with the Mission's Program Officer and Controller will advise senior Mission management to what extent these reports comply with the conditions set forth in the program grant agreement. When the Mission is satisfied that all of the conditions precedent to a given tranche have been met, it will inform the government via a Program Implementation Letter.

**BASIC EDUCATION SYSTEM OVERHAUL
AMPLIFIED PROGRAM DESCRIPTION
EXPECTED PROGRAM ACHIEVEMENTS AND IMPACT**

Areas of Achievement	Short-term (1-3 years)	Medium-term (4-7 years)	Long-term (8-15 years)
<p>School-Level Quality and Equity Improvements</p>	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> • Clear definition of the roles, responsibilities, authorities and profiles of an effective primary school director established. • Terms of service for primary school directors reformed and implemented. • Policies and incentives to encourage the generation, retention and use of school income developed and implementation underway. • Legal framework for school governance established. • Commitment to increase access and success of female school directors, teachers and students. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> • Criteria and procedures for primary school director recruitment, including affirmative action to employ more female directors, developed and implementation underway. • An incentive grant scheme for community participation in the development and implementation of school activities and programs developed. • Institutional and technical capacity of local partners being developed. • In-service training for school directors developed and implementation underway. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> • School-level strategic plans developed. • School-level governance bodies established. • Schools begin to develop capacity to raise, retain and use resources. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> • Continued enforcement of policy reforms. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> • Progressive implementation of primary school director in-service training and support programs. • Progressive implementation of school level financial management systems. • Significant increased grass-roots participation in school and woreda level financial and program-related decisionmaking process. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> • Significant number (20 to 30 percent) of primary schools in focus area staffed with trained school directors. • Significant number (15 to 25 percent) of primary schools in focus area staffed with female directors. • Significant number (10 to 20 percent) of school age children enrolled in non-governmental primary schools. • Significant (15 to 25 percent) increase in student enrollment in focus area • Significant (20 to 30 percent) reduction in student wastage rate. • Significant number (up to 25 percent) of primary school management staff trained. • Significant number (40 to 60 %) of primary school students in focus area score above 80 percent on primary cycle completion exams. • Significant number of females completing the primary cycle. • An incentive grant scheme implemented. • School-level strategic plans implemented. • Schools raising, retaining and using resources for school improvement efforts. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> • Policy reforms firmly in place. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> • Significant number (up to 70 percent) of primary school directors trained • Significant number (15 to 25 percent) of primary schools in focus area generate between 10 to 20 percent of their non-salary recurrent budget through fund raising and other activities. • Significant number (between 50 and 75 percent) of primary schools in focus area involve community participation in school activity programming and implementation. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> • Significant number (50 to 70 percent) of primary schools in focus area staffed with skilled/trained school directors • Significant number (25 to 40 percent) of primary schools in focus area staffed with female directors. • Significant number (20 to 30 percent) of school age children enrolled in non-governmental primary schools. • Significant (more than 50 percent) reduction in student wastage rate. • Significant number (25 to 50 percent) of primary school management staff trained. • Significant number (50 to 75 %) of primary school students score above 80 percent on primary cycle completion exams. • Significant number of females completing the primary cycle. • Significant improvement in school-community relations and school governance.

Areas of Achievement	Short-term (1-3 years)	Medium-term (4-7 years)	Long-term (8-15 years)
Improvements in Quality-Related Inputs	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> The relationships between EMPDA, ICDR, and EMMA and REBs, ZEOs and WEOs clearly articulated. Policies to promote and expand the role of the private sector in the delivery of educational services and inputs enacted and implemented. Commitment to evaluate cost and pedagogical effectiveness of educational services. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> Authority for regions to contract with the private sector for educational services and inputs articulated and implemented. Improved regional capacity for curriculum, textbook and media development. Criteria for assessing the effectiveness and efficiency of instructional material developed and implemented. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> A modest number (10 to 15 percent) of primary schools in focus area receive pedagogically effective instructional material. A modest number (20 to 30 percent) of schools in focus area receive adequate levels of instructional materials. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> Continued articulation and enforcement of policies and reforms <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> Monitoring, evaluation and reporting system for assessing the pedagogical effectiveness and efficiency of educational services and inputs implemented at the regional and lower levels in focus areas. More cost-effective educational service providers. A modest amount (10 to 15 percent) of educational and services and inputs contracted from the private sector. Improved capacity of certain institutions to support regions. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> Significant number (25 to 50 percent) of primary schools in focus area receive adequate level of instructional materials. A modest number of schools develop capacity to monitor pedagogical effectiveness. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> Policy reforms firmly in place. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> The cost of instructional material and supplies reduced significantly (10 to 25 percent) coupled with increase in quality and more efficient delivery. Significant amount (25 to 50 percent) of educational services and inputs contracted from the private sector. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> Significant number (50 to 70 percent) of primary schools in focus area receive adequate level of instructional material Significant number of (50 to 70 percent) of primary schools in focus area receive pedagogically effective instructional materials. Significant number (50 to 70 percent) of primary schools in focus area receive adequate levels of instructional materials.

Areas of Achievement	Short-term (1-3 years)	Medium-term (4-7 years)	Long-term (8-15 years)
Teaching Force Quality & Equity Improvements	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> Teacher terms of service and career structure reformed and implemented. Minimum teacher workload and teacher deployment plan developed and implementation underway. TTI admission criteria reformed, including the delegation of authority to TTIs to recruit competent candidates. Minimum teacher's performance standards and certification requirements and evaluation systems developed and implemented. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> Improved TTI strategic plans and budgeting systems to provide for adequate levels of school resources including supplies, logistical support, facility maintenance, and student subsistence developed and implemented. Systems and procedures for TTI teaching and managerial staff development and training developed and implementation underway. Support system for female TTI students established. TTI remedial program for recruits developed and implemented. Professional certification system developed. Reform plans for TTI developed. TTIs receive adequate levels of recurrent budget. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> In-school primary in-service training and support program developed and implementation started. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> Continued specification and enforcement of policies and reforms <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> Progressive rational inter- and intra-deployment of the primary teaching force. TTI remediation program for recruits developed and implemented, resulting in lower attrition rates. Increased numbers of females accepted into and completing TTI programs. TTI staff recruitment, development and training programs developed and implemented. Process for monitoring and evaluating TTI graduates developed and implemented. TTI curriculum reforms implemented. Significant (50 to 75 percent) number of TTI graduates certified as primary school teachers. TTIs receive adequate levels of recurrent budget. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> Significant number (15 to 25 percent) of primary school teachers in focus area participate in school quality and equity improvement schemes. Significant number (20 to 30 percent) of primary schools in focus area fully staffed with qualified, trained teachers. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> Policy reforms firmly in place with clear operational guidelines and effective implementation. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> Skills of significant number (50 to 70 percent) of teachers in focus area raised to acceptable levels. Significant number (30 to 50 percent) of the teaching force in focus area is certified as primary school teachers. Significant number (up to 50 percent) of the TTI recruits are in the top twenty percent of their high-school graduating class. Significant (75 to 90 percent) number of TTI graduates who meet criteria certified as primary school teachers. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> Significant number (up to 50 percent) of all primary schools in focus area are staffed with certified teachers. Increased number and percent of females teachers and directors serving in rural primary schools.

Areas of Achievement	Short-term (1-3 years)	Medium-term (4-7 years)	Long-term (8-15 years)
Regional & Sub-Regional Administrative and Management Capacity Building	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> • Policy analysis and coordination mandate for PPD developed. • Delineation between central and regional authority/responsibility clarified. • Operational and administrative staffing norms for REBs, ZEOs, and WEOs. • Basic education minimum quality and equity standards developed. • Strategic education sector planning capacity developed. • Education share of national budget increased, particularly for primary. • Non-salary inputs for primary education increased. • Higher level cost recovery and cost sharing mechanisms established. • Administration and overhead costs minimized. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> • Strategic plans incorporating resource allocation criteria based on established norms, standards, and objectives, enhanced by improved information management systems, developed in focus areas. • REBs, ZEOs, and WEOs, in focus area, staffed with rational levels of administrative and management staff. • A modest number of ZEOs and WEOs begin to function with delegated authority from the REB. • REB, ZEO, and WEO administrative and management staff training and development program developed and implemented. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> • School management staff development and related training programs established. • Regional and sub-regional bureaus begin to provide better support to the schools. • Resources to schools begin to flow smoothly. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> • Continued specification and enforcement of policy reforms. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> • Systems and procedures for planning, budgeting, financial management, personnel management, management information, monitoring and evaluation progressively implemented at all levels in focus areas. • REB offices, and significant number (25 to 50 percent) of ZEO, and WEO offices, in focus area, satisfactorily staffed. • REB, ZEO, and WEO offices staffed with significant number (25 to 50 percent) of trained personnel. • Focus area budgets and expenditure plans based on basic quality and equity standards and norms. • Significant increase of school budgets in focus areas financed through cost recovery programs. • Significant (25 to 50 percent) increase in recurrent and capital budget utilization in focus areas. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> • Significant number (15 to 25 percent) of primary schools, in focus area, staffed with trained school management staff. • Regional and sub-regional bureaus providing high quality and efficient support to the schools. • Resources to schools flowing smoothly. 	<p><u>Policy Level Achievements:</u></p> <ul style="list-style-type: none"> • Policy and institutional reforms firmly in place, with clear operational guidelines and being enforced. <p><u>Institution Level Achievements:</u></p> <ul style="list-style-type: none"> • REBs, ZEOs and WEOs operate at optimal level. • Full realization of TGE cost-recovery targets (between 25 and 50 percent of senior sec school budgets in focus area, financed through cost recovery programs. • Significant (50 to 75 percent) increase in recurrent and capital budget utilization in focus areas. <p><u>School Level Achievements:</u></p> <ul style="list-style-type: none"> • Significant number (25 to 50 percent) of primary schools, in focus area, staffed with trained school management staff.

**BASIC EDUCATION SYSTEM OVERHAUL (BESO)
AMPLIFIED PROGRAM DESCRIPTION**

PROGRAM REFORM MATRIX

Supporting Objective 1: Improved Quality and Equity of the Primary School Environment

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
1.1 Stimulate parental and community involvement in primary school improvements and provide resources directly to schools and communities	Analysis of school governance structure and revenue patterns and policy	CP: Identification and elimination of constraints and barriers to local decision-making and revenue management	Governance structure in place that permits local decision-making and revenue generation and use	School governance structures in operation Significant increase and improvement in school-community linkages Schools generating and managing sufficient resources	3.8.4 Educational institutions will be autonomous in their internal administration and in the designing of and implementing of programs with an overall coordination and democratic leadership by boards or committees consisting of members of the community, development/research institutions, teachers and students 3.9.7 The necessary conditions will be created for educational institutions to generate their own income and to use it to strengthen the educational process 3.7.4 Due attention will be given to popular participation in the production, distribution, utilization, upkeep, care, and safety of educational materials, technology and facilities

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
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BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
1.2 Establish an Integrated School Leadership Development System	<p>Definition of school director profile</p> <p>Improved terms and conditions of service for school directors defined</p> <p>Analysis of constraints and barriers to women in leadership positions</p>	<p>Criteria and process for selection of school directors developed</p> <p>Action taken on recommendations of analysis</p>	<p>School directors chosen on the basis of promises and criteria</p> <p>Specific interventions implemented</p>	<p>School administrators performing competently; strong leadership at the school-level</p> <p>Significantly better motivated teaching force</p> <p>Increased proportion of administrators are female</p>	<p>3.8.5 The management of teachers and other educational personnel will be organized on the basis of professional principles, including professional code of ethics, salary, working conditions, incentives, professional growth and overall rights and duties</p> <p>3.8.3 Educational management will be democratic, professional, coordinated, efficient and effective and will encourage the participation of women</p>
1.3 Improve Teacher Motivation	<p>Analysis of career structure and definition of improved terms and conditions of teacher service and development of plan for implementation</p>	<p>CP: Adoption of career structure encouraging and rewarding quality instruction at the primary level</p>		<p>Teachers performing competently</p> <p>Increased proportion of female teachers</p> <p>Teachers persist at primary level</p>	<p>3.4.7 A professional career structure will be developed for the professional development of teachers</p> <p>3.4.6 The criteria for the professional development of teachers will be continuous education and training, professional ethics and teaching performance</p>
1.4 Increase access and success of girls	<p>Dialogue on constraints/barriers to girls' access and success</p>	<p>Develop equity standards and plan for achieving them</p>	<p>Codify policy regarding equity standards and undertake equity improvement interventions</p>	<p>Gap between boys' and girls' enrollment, persistence, completion narrowed substantially</p>	<p>3.9.5 The government will give financial support to raise the participation of women in education</p>

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BESO PROGRAM REFORM MATRIX

Supporting Objective 2: Improved Efficiency and Effectiveness of Key Quality-Related Services.

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
2.1 Develop the technical capacities of the regional curriculum, educational materials and media departments	Commitment to provide technical and budgetary resources to regions	Dialogue on appropriate mechanisms for facilitating the on-going dissemination and spread of information	Create and support mechanisms for facilitating the on-going dissemination and spread of information	Regions develop, produce and disseminate quality media and materials on time	<p>3.8.2 Educational management will be decentralized to create the necessary condition to expand, enrich and improve the relevance, quality, accessibility and equity of education and training</p> <p>3.7.3 A mechanism for coordinated production and distribution of educational support inputs at the institutional, woreda, zonal, regional and central levels will be created to strengthen the teaching-learning process, research and various other educational activities</p>
2.2 Institutionalize mechanisms and technical capacity to monitor and evaluate the pedagogical-effectiveness and assess the cost-effectiveness of quality-related services	<p>Commitment to monitor and evaluate (time, personnel and skill) as integral part of curricular reform and mass media services</p> <p>Commitment to evaluation of pedagogical-and-cost-effectiveness of EMPDA, ICOR and EMMA</p>	Cov: Carry out analyses and discussions on their implications	Actions taken to improve cost-effectiveness and information on pedagogical-effectiveness used in design	Regions, sub-regions and schools routinely evaluate curriculum, materials and media; use the data to plan and improve their products and services	<p>3.1.4 Create the mechanism for an integrated educational research and overall periodic evaluation of the educational system whereby a wide-range of participation is ensured</p> <p>3.7.1 In order to promote the quality, relevance and expansion of education, due attention will be given to the supply, distribution and utilization of educational materials, educational technology and facilities</p>

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BESO PROGRAM REFORM MATRIX

Supporting Objective 3: Improved Quality of Pre-service Teacher Training

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
3.1 Recruit better quality entrants into teacher pre-service training	Improve TTI admission criteria	Cov: Greater TTI control over recruitment, selection, and admission of trainees		Improved and better motivated TTI entrants	3.4.1 Ascertain that teacher trainees have the ability, diligence, professional interest and physical and mental capacity appropriate for the profession. 3.4.2 Create a mechanism by which TTIs, employers, and Teachers Associations participate in the recruitment of trainees
3.2 Increase number of women entering and completing pre-service teacher training	Cov: Commit to increase number of females entering TTI over length of project Analysis of constraints on female TTI staff	Cov: Commit to develop support system for female trainees Commit to increase TTI female instructors and develop affirmative action plan	Implement support system (programs, budget, personnel) Implement affirmative action plan	Increased proportion of women entering and completing TTIs Increased number of qualified female TTIs instructors	3.4.10 Special attention will be given to the participation of women in the recruitment, training and assignment of teachers
3.3 Improve the quality of pre-service teacher training instructional program	Analysis of proposed restructuring of TTI curriculum and instruction Definition of profiles for TTI instructors Improved terms and conditions of service for TTI instructors	CP: Develop national reform plan for TTI curriculum, and reform plans for Tigray and SEPR TTI curriculum	Implement reforms of TTI curriculum	TTI curriculum streamlined and linked to the primary curriculum Better qualified and more motivated instructors teaching at the TTIs	3.4.3 Teacher education and training components will emphasize basic knowledge, professional code of ethics, methodology and practical training 3.8.5 The management of teachers and other educational personnel will be organized on the basis of professional principles, including professional code of ethics, salary, working conditions, incentives, professional growth and overall rights and duties
		Criteria for selection put in place Develop plan for staff development			
	Provide greater managerial autonomy for TTIs	CP: Adequate TTI recurrent budget for supplies, maintenance, and subsistence	CP: Adequate TTI recurrent budget	TTIs with increased autonomy and strong management capacity	3.4.8 TTIs will function autonomously with the necessary authority, responsibility, and accountability
		TTI plays increasing role in staff hiring and management			

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
3.4 Improve quality of teachers produced by TTIs	CP: Plan of action for implementing policy on teacher certification	Establishment of certification criteria and system Commitment to monitoring, evaluation, and follow-up of TTI graduates	Develop plan and budget and begin implementation	Improved teacher competency in the classroom	3.4.4 Teachers will be certified before assigned to teach at any level of education 3.4.5 Teachers will be required to have the necessary teaching qualification and competency in the media of instruction, through pre-service and in-service training 3.4.6 The criteria for the professional development of teachers will be continuous education and training, professional ethics and teaching performance

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BESO PROGRAM REFORM MATRIX

Supporting Objective 4: Improved Decentralized Management and Administration of Primary Education

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
4.1 To strengthen the institutional capacity of MOE as policy and coordination center	Policy analysis and coordination mandate established for MOE	Budgeting of adequate resources required to carry out functions	Budgeting of adequate resources required to carry out functions	Functioning policy analysis unit in MOE serving education system, influencing planning, budgeting and decisionmaking Functional roles and responsibilities between the various organizations involved in education clearly delineated	3.7.3 A mechanism for coordinated production and distribution of educational support inputs at the institutional, woreda, zonal, regional and central levels will be created to strengthen the teaching-learning process, research and various other educational activities 3.8.1 Clear guidelines, stating the rights and duties of all involved in education will be issued to ensure participatory and proper professional relations in their activities
	CP: Clear statement indicating policy, administrative, institutional authority relative to BESO reform objectives				
4.2 Improve key administrative and management functions of the Regional Education Bureaus	Conduct functional audit of REBs in two focus regions	CP: Strategic plans from REBs linking capital and recurrent resource needs	CP: Improved Strategic Plans from REBs based on minimum quality standards and linking capital and recurrent resource needs	Institutionalized data-based planning function in regions with capacity for linking plans and budgets with sector priorities and resource availability REBs efficiently organized; effective in administration	3.8.2 Educational management will be decentralized to create the necessary condition to expand, enrich and improve the relevance, quality accessibility and equity of training
		Staffing rationalized on basis of functional audit			
4.3 Improve administrative and management functions of Zonal Education Offices	Conduct functional audit of ZEOs in two focus regions	Staffing rationalized on basis of functional audit		Selected ZEOs efficiently organized; effective in administration	3.8.2 Educational management will be decentralized to create the necessary condition to expand, enrich and improve the relevance, quality accessibility and equity of training

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BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
4.4 Improve the school support functions of Woreda Education Offices	Conduct functional audit of WEOs in two focus regions	Staffing rationalized on basis of functional audit		Selected WEOs operational, with strengthened roles in directly supporting schools	3.8.2 Educational management will be decentralized to create the necessary condition to expand, enrich and improve the relevance, quality accessibility and equity of training
	Establish operational norms for school support functions	CP: Adequate WEO recurrent budget	CP: Adequate WEO recurrent budget		

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BESO PROGRAM REFORM MATRIX

Supporting Objective 5: Increased and More Rational and Efficient Sectoral Financing

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TQE Education and Training Policy
5.1 Increase the availability of non-salary resources for primary education	Cov: Commitment to adopting a national process of defining Minimum Quality Standard (MQS)	Cov: Initial national definition of MQS and strategy for applying approach in focus regions	CP: MQS baseline established and national objectives set	Increased % of schools meeting quality standard; more children have access to quality schools	3.7.2 Mechanisms of manpower training, proper utilization of educational support inputs will be developed to insure relevance and standards
	<p>CP: Increase share of E.C. 1987 budget allocation for the education sector at least 15% over E.C. 1986 or as much as the overall budget increase (net of debt), whichever is greater</p> <p>CP: Increase share of education allocation for primary progressively towards 60%</p>	<p>CP: Increase share of E.C. 1988 budget allocation for the education sector to at least 16%.</p> <p>CP: Increase share of education allocation for primary progressively towards 60%</p> <p>CP: Increase over previous year in non-salary unit expenditures on inputs for primary schools</p>	<p>Maintain education share of budget allocation at least 16%.</p> <p>CP: Increase share of education allocation for primary progressively towards 80%</p> <p>CP: Significant increase over previous year in non-salary unit expenditures on inputs for primary schools</p>	Education budget share at least 16%; primary education budget share 60% of education budget; non-salary unit expenditures of at least 30 Birr (in real terms)	3.9.1 The priority for government financial support will be up to the completion of general secondary education
5.2 Reduce the burden on the public sector for the financing of education	<p>Cov: Facilitate rapid implementation of private school policy</p> <p>Policy statement on cost recovery</p>	<p>Reform of policy environment (if needed) to promote private school development</p> <p>Analysis of scope for cost recovery schemes</p>	<p>Increased percentage enrollment of private school</p> <p>Begin implementation of cost recovery program</p>	Greater private contribution to the cost of education	<p>3.9.6 The government will create the necessary conditions to encourage and give support to private investors to open schools and establish various educational and training institutes</p> <p>3.9.1 The priority for government financial support will be up to the completion of general secondary education with increased cost-sharing at higher levels</p>

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BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy	
5.3 Rationalize the allocation and use of resources within the education sector	Cov: Evaluation of teacher assignment and workload norms	Cov: Measures taken to strengthen norms for teacher workload, assignment, transfer, etc.	Established norms incorporated into REB strategic plans	Achieve efficiencies in sector performance at regional level, especially regarding the deployment/utilization of teachers	3.4.12 Various steps will be taken to promote incentives to motivate teachers especially to those assigned in hardship areas.	
	Cov: Undertake study to identify barriers to private sector participation in the education sector	CP: Take measures that encourage private sector procurement and reduce barriers to private sector				Significantly increased participation of the private sector in the production and distribution of education goods and services
	Study repetition and drop-out	Develop plan for addressing drop-out and repetition	CP: Reduction in share of budget for administration	System administrative costs rationalized and minimized		Introduction: The evolution of a decentralized, efficient and professionally coordinated participatory system is indicated in respect of administration and management of the education system... the financing of education be just, efficient and appropriate to promote equity and quality of education
	Cov: Analysis of share of budget for administration, as appropriate	Cov: Reduction in share of budget for administration, as appropriate				

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