

Basic Education System Overhaul

BESO



Program Assistance
Approval Document
(PAAD) and
Project Paper (PP)

USAID/Ethiopia
September 1994

ACTION MEMORANDUM FOR THE DIRECTOR, USAID/ETHIOPIA

FROM: Cameron Bonner ~~Chief~~ Chief, Office of Human and Institutional Development (HID)

SUBJECT: Ethiopia, Basic Education System Overhaul (BESO) Program and Project (663-0014/0015)

DATE: September 22, 1994

I. ACTIONS:

Your are requested to:

(A) sign the attached PP facesheet and Project Authorization and thereby approve a seven (7) year Project totalling \$30 million in USAID grant financing, subject to the availability of USAID funding;

(B) sign the attached PAAD facesheet, thereby authorizing the first year of the Program in the amount of \$8 million in USAID grant financing; and

(C) sign below indicating your approval of the PAAD for the first two years of the BESO Program with anticipated funding of \$16 million in NPA grant funds for that two year period. PAAD amendments specifying third through seventh year conditionality shall be approved over the course of subsequent years. It is expected that those amendments will eventually bring the total approved level of NPA to \$50 million.

II. BACKGROUND:

The attached BESO PAAD/PP is the product of an extensive effort to develop a framework for an assistance program for primary education in Ethiopia which reflects real needs, addresses critical constraints and proposes realistic remedies. An assessment of the education sector was undertaken in 1992/93 and a PAIP/PID was developed during the period February through May 1994, and approved in June 1994. On the basis of this approval, the PAAD/PP was developed during July through August. Involved in the effort were staff from the Mission, REDSO/ESA and USAID/W as well as individual consultants and Transitional Government of Ethiopia (TGE) counterparts. It is expected that there will be further local participation in implementation of the Program.

III. DISCUSSION:

A. Description: BESO is a seven year Program the purpose of

which is to improve the quality and equity of primary education in an expanded (and expanding) system. The Program combines nonproject assistance for policy reform, and project resources for training, technical assistance, commodities/equipment and logistical (operational) support to achieve the Program purpose. Non-project assistance will play a significant role in both alleviating sectoral constraints and in helping the MOE to undertake policy and institutional reforms which have both direct and indirect impact on primary education in Ethiopia. Project assistance will support or enhance the capacity of the MOE, other central education institutions (ICDR, EMPDA, EMMA), Teacher Training Institutes, regions, zones, woredas and schools in implementing the reforms, managing increased resources being made available and carrying out the training, grants management, research and other activities which will be required. Key policy reforms to be supported under the Program are indicated in a Policy Reform Matrix provided in Section III.D. of the PAAD/PP.

The Mission's approved country development strategy includes a strategic objective to improve quality and equity of expanded primary education in Ethiopia. BESO will constitute the Mission's main effort to achieve this objective. BESO will target assistance to the following five supporting objectives as a means of achieving the above:

- (1) improved quality and equity of the primary school environment;
- (2) improved efficiency and effectiveness of key quality-related inputs;
- (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.

A summary of expected achievements of the Program is provided in Section III.G. of the PAAD.

B. Financial Summary: Total anticipated USAID contribution over the LOP is US \$80 million in Development Fund for Africa (DFA) funding. The Program will provide US \$50 million in direct program support to the TGE, conditioned on achievement of agreed-upon policy reforms. Project assistance is budgeted at US \$30 million.

USAID financing over the LOP will be obligated through Program and Project Agreements with the TGE. The Ministry of External Economic Cooperation (MEEC) will be the lead coordinating TGE entity for the Program effort while the main implementing body will be the Ministry of Education (MOE). One central coordinating committee and two regional coordinating committees will also be established to facilitate TGE management and

monitoring of the Reform Framework. The composition and role of these committees is defined in Section IV.A.2 of the PAAD/PP. The obligation schedule for the Program and Project components, and the overall budget, follow.

in US \$'000								
COMPONENT	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
PROGRAM	8,000	0	8,000	8,000	7,000	7,000	6,000	6,000
PROJECT	8,000	0	3,000	4,000	5,000	5,000	3,000	2,000

Budget by Type of Input
(US\$ '000)

INPUTS	USAID	TGE	TOTAL
Cash Transfer	50,000.0	0	50,000.0
Technical Ass't	15,085.0	0	15,085.0
Training	2,762.5	0	2,762.5
Commodities	1,159.0	0	1,159.0
Operational Support	1,545.0	0	1,545.0
School Grants	5,181.0	0	5,181.0
USAID Management	340.2	0	340.2
Monitoring & Evaluation	900.0	0	900.0
Audit	300.0	0	300.0
Contingency & Inflation	2727.3	0	2727.3
TOTAL	80,000.0	0	80,000.0

C. Analyses and Other Requirements: The combined Program Assistance Approval Document and Project Paper demonstrate that:

- The Program is technically, economically, politically and socially sound, and administratively feasible;
- The technical design and cost estimates are reasonable and

adequately planned, thereby satisfying the requirements of Section 611(a) of the Foreign Assistance Act, as amended;

- The timing and funding of Project activities are appropriately scheduled and the implementation plan is realistic and establishes a reasonable timeframe for carrying out the Project; and
- Adequate provision has been made for evaluation and audit(s).

Conditions and Covenants: Conditions precedent to disbursement of funds appear in Section VI. of the PAAD/PP. PILs will be utilized to further define the conditions precedent and reflect the dynamics of the reform environment. Conditions and covenants for the disbursement of only the first two tranches of NPA have been indicated in the PAAD/PP. Conditions and covenants for the disbursement of subsequent tranches of NPA will be established on the basis of annual reviews of progress and negotiated agreement between USAID and the TGE as to expected achievements in the concerned year.

Waivers: A waiver of Section 110 of the Foreign Assistance Act requiring that the TGE contribute at least 25 percent of the combined program/project costs for this activity was approved by the AA/AFR (Acting) on July 26, 1994. Additionally, on September 14, 1994, you approved a blanket waiver of host country payments of international travel for participant trainees.

Congressional Notification: A Congressional Notification of USAID's intention to provide US \$80,000,000 in DFA grant financing assistance to the TGE expired without objection on August 26, 1994.

Responsible USAID Officers: The officer in USAID/Ethiopia responsible for the overall Program is Cameron Bonner, Chief, Human and Institutional Development Office.

IEE: A Categorical Exclusion for the Program was obtained from the Africa Bureau Environmental Officer.

D. Mission Executive Committee (EC) Project Review:

The EC met on September 6, 1994, to review the proposed Program. The following are the main issues raised and/or resolved.

Agreed that reference to recent USAID/W guidance indicating that NPA resources can be used for multi-lateral debt repayment would be included in the PAAD and the Action Memorandum. Furthermore, that under BESO the NPA funds would be used to pay USG debt service as a first priority and remaining funds would be used for repayment of multi-lateral debt.

Agreed that since PAAD/PP leaves option open for using the foreign exchange auction as a mechanism for cash transfer support, some Project assistance for financial management may be necessary to use this option. However, the EC agreed that in general TGE financial management strengthening should be considered not as something to be necessarily assisted under BES0, but more likely in a broader Mission or donor group context.

Agreed that the wording of conditions precedent to the disbursement of the first two tranches of NPA should more clearly indicate where conditionality is limited to just the two focus regions. The EC also noted that because it was likely that the pace of reform will differ between the two focus regions, conditionality in future years may need to be tailored to the situation in each focus region.

The first tranche of NPA is conditional upon an increase in the share of the 1987 e.c. education budget to 15% of the total. The ECPR recommended that this conditionality should be stated either in terms of a specified share of the total budget allocated to education, or also in terms of increases in allocations to the education budget over previous years. The EC also recommended that the 15% share should be reconsidered.

The EC agreed that because policy reforms related to gender issues, although important, were not operationally linked to other reform objectives, they should remain stated in terms of covenants rather than conditionality. Agreed that given the importance of gender equity to the Program, if reforms related to gender issues are not achieved in the years expected as covenants, the Mission will consider making them conditions precedent to disbursement of the following tranche of NPA.

Given that BES0 plans to finance relatively high levels of technical assistance, the EC agreed that Scopes of Work for technical advisors should clearly indicate their relationship to government staffs and emphasize training of counterparts. It was also agreed that to be effective technical assistance should be supported by operational inputs, e.g., vehicles, computers, etc. While PAAD/PP assumes such inputs will be provided through the system, the EC agreed that if the system fails to address such needs, additional commodity/equipment assistance may need to be provided under BES0.

The EC agreed that there is a need to explore with REDSO/ESA and/or GC/W the effect of the recent procurement reforms in relation to Cooperative Agreements. The ECPR further suggested that if these are negative to BES0

reforms in relation to Cooperative Agreements. The ECPR further suggested that if these are negative to BESO management interests, a more appropriate instrument for procuring the services of an international PVO would be employed.

- . The EC suggested that obligation and disbursement schedules for NPA resources, consistent with the Mission's FY 1996 Action Plan estimates and reflecting Mission's future OYB scenarios, be included in the PAAD/PP.

All the above recommendations have been addressed and incorporated in the final PAAD/PP proposed for authorization.

IV. AUTHORITY:

Based on STATE 154201, dated June 9, 1994, paragraph 2.c., AA/AFR provided an ad hoc delegation of authority to the Mission Director, USAID/Ethiopia, to approve the PAIP/PID and PAAD/PP for this activity, in accordance with all other terms and conditions of Delegation of Authority (DOA) 551. As a Schedule "A" field post, under Delegation of Authority (DOA) 551, Section 4.A.(2), as the Principal Officer of Mission, you have the authority to approve this Program.

V. RECOMMENDATIONS:

(A) sign the attached PP facesheet and Project Authorization and thereby approve a seven (7) year Project totalling \$30 million in USAID grant financing, subject to the availability of USAID funding;

(B) sign the attached PAAD facesheet, thereby authorizing the first year of the Program in the amount of \$8 million in USAID grant financing; and

(C) sign below indicating your approval of the PAAD for the first two years of the BESO Program with anticipated funding of \$16 million in NPA grant funds for that two year period. PAAD amendments specifying third through seventh year conditionality shall be approved over the course of subsequent years. It is expected that those amendments will eventually bring the total approved level of NPA to \$50 million.

Approved: _____

Disapproved: _____

Date: _____

Mayat B.

Sept 26, 1994

PROJECT AUTHORIZATION

NAME OF COUNTRY: Ethiopia
NAME OF PROJECT: Basic Education Systems Overhaul (BESO)
PROJECT NUMBER: 663-0015

1. Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Basic Education System Overhaul Project (the "Project") for Ethiopia (the "Cooperating Country") involving planned obligations not to exceed thirty million United States Dollars (\$30,000,000) in grant funds over a seven year period from the date of authorization, subject to the availability of funds in accordance with the USAID OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned Project Activity Completion Date (PACD) is December 31, 2001.

2. The Project is designed to support and complement the BESO Program (USAID Project Number 663-0014) which is designed to improve the quality and equity of primary education in an expanded and expanding primary education system. The Project will provide technical assistance, training, commodities and other operational support to: (a) improve the quality and equity of the primary school environment, (b) improve the efficiency and effectiveness of key quality-related services, (c) improve the quality of pre-service teacher training, (d) improve decentralized management of primary education, and (e) increase and make more rational and efficient the financing for the education sector.

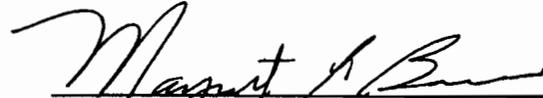
3. The Project Agreement, which may be negotiated and executed by the officers to whom such authority is delegated in accordance with USAID regulations and Delegations of Authority, shall be subject to the following essential terms and covenants as USAID may deem appropriate.

4. Source and Origin of Commodities, Nationality of Services

Except as USAID may otherwise agree in writing:

- (a) Commodities financed by USAID under the Project shall have their source and origin in countries included in USAID Geographic Code 935.
- (b) Except for ocean shipping, the suppliers of commodities or services financed by USAID under the Project shall have countries included in USAID Geographic Code 935 as their place of nationality. All reasonable efforts will be used to maximize U.S. procurement whenever practicable. Air travel and transportation to and from the U.S. shall be upon certified U.S. flag carriers.

(c) Ocean shipping financed by USAID under the Project shall be financed only on flag vessels of the countries included in USAID Geographic Code 935 subject to the 50/50 shipping requirements under the Cargo Preference Act and the regulations promulgated thereunder.


Margaret P. Bonner
Mission Director
USAID/Ethiopia

Sept 26, 1994
Date

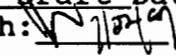
PRM:CEBarbiero:9/14/94:P:\DOCS\BESOPRO.AUT

Clearances:

HID:CBonner: 

CONT:CLewis: 

RLA:AVance: Draft Date 9/14/94

D/DIR:WNorth: 

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

COUNTRY/ENTITY ETHIOPIA
BUREAU/OFFICE AFRICA APR BASIC EDUCATION SYSTEM OVERHAUL

1. TRANSACTION CODE
A = Add
C = Change
D = Delete

2. PROJECT NUMBER 663-0015

3. ESTIMATED DATE OF OBLIGATION
(Under "E" below, enter L, 2, 3, or 4)
A. Fiscal FY 94 B. Quarter 3 C. Final FY 1010

4. COSTS / \$000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FISCAL FY			LIFE OF PROJECT		
	E. FX	C. LC	D. Total	E. FX	F. LC	G. T.
AID Appraised Total	8,000		8,000	30,000		30,000
(Grant)	(8,000)		(8,000)	(30,000)		(30,000)
(Loan)						
Other U.S.						
Host Country						
Other Donor(s)						
TOTALS	8,000		8,000	30,000		30,000

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DEA				-0-		30,000		30,000	
(2)									
(3)									
(4)									
TOTALS				-0-		30,000		30,000	

10. SECONDARY TECHNICAL CODES (maximum 8 codes of 3 positions each)

11. SECONDARY PURPOSE

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

A. Code
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

Improve the quality and equity of primary education in an expanded (and expanding) primary education system.

14. SCHEDULED EVALUATIONS

Location: 10/9/8 Start: 10/9/8 End: 1/0/0/1

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 DOD MI Local Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of 1 page FF (amendments))

The methods of implementation and financing have been approved by the Mission Controller, CONT*, CLewis
 NOTE* Authorized LOP funding is \$30 million; FY 1994 Obligation is \$8 million
 CARL L. LEWIS, CONTROLLER

17. APPROVED BY

Signature: Margaret P. Bonner
 Title: Margaret P. Bonner, Mission Director, USAID/Ethiopia
 Date Signed: 09/26/94

18. DATE DOCUMENT IS IN AID/F. OR FOR AMENDMENTS, DATE OF DIS
 10/9/94

CLASSIFICATION:

AID 1120-1 (8-88)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	1. PAAD NO.	663-0014/663-T-603
		2. COUNTRY	ETHIOPIA
		3. CATEGORY	U.S. and/or multi-lateral debt payment. CASH TRANSFER
		4. DATE	September, 1994
PAAD	PROGRAM ASSISTANCE APPROVAL DOCUMENT	5. TO:	MARGARET P. BONNER Director, USAID/Ethiopia
		6. OYB CHANGE NO.	N/A
		6. OYB INCREASE	N/A
		TO BE TAKEN FROM:	N/A
		7. FROM:	CAMERON BONNER, Chief Human and Institutional Development
		9. APPROVAL REQUESTED FOR COMMITMENT OF:	\$ 50,000,000 FY 94 8,000,000
		10. APPROPRIATION - ALLOTMENT	72-114/51014 GSS4-94-31663-KG39
11. TYPE FUNDING	12. LOCAL CURRENCY ARRANGEMENT	13. ESTIMATED DELIVERY PERIOD	14. TRANSACTION ELIGIBILITY DATE
<input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT	<input type="checkbox"/> INFORMAL <input type="checkbox"/> FORMAL <input type="checkbox"/> NONE	9/94 - 12/01	
15. COMMODITIES FINANCED			

N/A

16. PERMITTED SOURCE (in million US\$)	17. ESTIMATED SOURCE
U.S. only: FY 94 \$8 LOP \$50	U.S.: FY 94 \$8 LOP \$50
Limited F.W.:	Industrialized Countries:
Free World:	Local:
Cash:	Other:

18. SUMMARY DESCRIPTION

The Basic Education System Overhaul (BESO) Program is a policy based dollar transfer activity with a companion project to be financed with Development Fund for Africa resources. The purpose of the Program is to improve the quality and equity of primary education in an expanded (and expanding) system. To achieve the program purpose, USAID assistance will be targeted towards the following five supporting objectives:

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

19. CLEARANCES	20. ACTION
REGXDPX PRM : CBarbiero	<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
REGXDCX RLA : AVance	<i>[Signature]</i>
AXXDCX RFMC :	DATE 9-26-94
REGXDCX CONT : CLewis	AUTHORIZED SIGNATURE
AXXDCX D/DIR : WNorth	Margaret P. Bonner
AA/DFPE	Director, USAID/Ethiopia
	TITLE

CLASSIFICATION:

18. Summary Description (Cont.): Under the Program, the non-project assistance (NPA) will help to support the introduction and/or implementation of important financial, policy and institutional changes that will establish a policy framework for the overhaul of primary education in Ethiopia. The expected achievements and impacts of the BESO program can be categorized in four areas: 1) improvements in school-level quality and equity, including increased community participation and increased access and retention of girls; 2) improvements in school-level, quality related inputs including regional capacity to deliver services that are pedagogically effective and cost-effective; 3) improvements in the quality and equity of the teaching force including improved career structure and increased numbers of females completing teacher training, and 4) improvements in regional and sub-regional administrative and management capacity. These achievements all depend on an element of the reform program that BESO will support, specifically, increased and more rational and efficient sectoral financing at national, regional and sub-regional levels.

Over the planned seven (7) year life of the BESO program, an estimated \$50 million will be provided in the non-project assistance for specific agreed-upon policy 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 and institutional reforms. Key reforms (conditions precedent and covenants) to the first and second tranches of NPA budgetary support have been specifically defined in the PAAD/PP and companion Program Agreement. Subsequent tranches will be conditioned upon achievement of those reform objectives that are consistent with the overall BESO framework and 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.

While the Program Agreement will be co-signed by the Transitional Government of Ethiopia's (TGE) Ministry of External Economic Cooperation (MEEC) and the Ministry of Education (MOE), the latter will serve as the lead implementing agency for this activity. Because the nature of the reforms defined in the Program cut across areas of responsibility in several TGE agencies, the TGE will appoint a BESO Central Coordinating Committee (BCCC) which shall be responsible for oversight of and reporting on sector reforms. In addition to the BCCC, two Regional Coordinating Committees (BRCC's) will be established to assume similar functions at the regional level.

It is planned that the NPA resources will be authorized and obligated in annual tranches as dollar cash grants and will be disbursed into Special Dollar Accounts upon satisfaction of the agreed upon NPA conditionality. For the first tranche, it is planned that the disbursement of \$8 million will be used for payment of eligible non-military debt service, with first priority for payment of debt owed to the U.S.G., followed by debt service to the World Bank, the African Development Bank, and other multilateral development banks/institutions. Because this use will not result in the generation of local currency, the TGE will not be required to establish a separate local currency account.

It is planned that cash transfers will be made to the TGE in seven tranches over Fiscal Years 1994 thru 2001. The future use of dollar cash grants will be defined annually in relation to options provided in USAID's Africa Bureau NPA Guidelines, including TGE capacity for accounting and reporting.

Along with the \$50 million in cash transfers tied to conditionality, \$30 million will be authorized and incrementally obligated under a separate Project Agreement to finance technical assistance, training, commodities and other operational support, as well as evaluation and audits. While AA/AFR has waived the Section 110 host country contribution requirement for the entire program, it is anticipated that the TGE (central and target regions) will provide in-kind contributions such as office space, utilities, and administrative/logistical support for the project.

TABLE OF CONTENTS

Action Memo: PAAD/PP Authorization and Approval	i
Project Authorization	viii
Project Data Sheet (PP Facesheet)	x
Program Assistance Approval Document (PAAD) Facesheet	xi
Table of Contents	1
List of Acronyms	4
I. Executive Summary	6
II. Analytical Framework	8
A. Sector Overview	8
B. Sector Constraints	16
C. Economic and Financial Rationale for Assistance	21
D. Other Donor Assistance	30
III. Program Description	34
A. Overall Program Strategy	34
B. Goal and Purpose	37
C. Supporting Objectives (Detailed Program Description)	38
D. USAID Non-Project Assistance	73
E. USAID Project Assistance	84
F. Specific Constraints and Key Assumptions	87
G. Anticipated Program Impact	92
H. Financial Analysis and Plan	100
I. Monitoring and Impact Assessment	106
IV. Implementation Plan	109
A. TGE and Mission Management	109
B. Implementing the Policy Framework	111
C. NPA Dollar Resource Transfer and Local Currency Tracking	112
D. Project Assistance Arrangements	113
V. Summary Feasibility Analyses	116
A. Cost Benefit Analysis	116
B. Institutional Analysis	118
C. Political Analysis	119
D. Social and Gender Analysis	121
VI. Conditions Precedent, Covenants, & Negotiating Status	124
A. Conditions Precedent to First Tranche Disbursement	124
B. Covenants Associated with First Tranche Disbursement	125
C. Conditions Precedent to Second Tranche Disbursement	127
D. Covenants Associated with Second Tranche Disbursement	130
E. Conditions Precedent to Third Tranche Disbursement	131

Annexes:

- A. Logical Framework Matrix
- B. TGE Letter of Request for Assistance
- C. Sector Financing Requirements Simulation
- D. Cost Benefit Analysis
- E. Institutional Analysis
- F. Political Analysis
- G. Social and Gender Analysis
- H. Detailed Project Budget
- I. Schedule of Major Implementation Activities
- J. Waiver of TGE 25% Contribution
- K. Congressional Notification
- L. REDSO/ESA PAIP/PID Concurrence Cable and USAID/W Cable
Delegating PAAD Approval Authority to the Mission
- M. Statutory Checklist

Separate Documents (available by request):

- 1. Ethiopia Education Sector Review -- Parts I and II (Dec. 1992 & April 1993)
- 2. Organization & Management of Regional Education Bureaus under Policies of Regionalization and Education Decentralization (Jan. 1994)
- 3. Analysis of Pre-Service Primary Teacher Education in Ethiopia (Feb. 1994)
- 4. Educational Demand in Rural Ethiopia (unpublished draft, March 1994)
- 5. USAID/Ethiopia Concept Paper ("Back to the Future") -- pp 43-47
- 6. USAID/Ethiopia Strategic Objective #3 (Basic Education) MER Plan
- 7. Price Waterhouse Report on TGE Financial Systems
- 8. Teacher Motivation and Incentives Study (June 1994)
- 9. Ethiopia: Education Sector Public Expenditure Review, World Bank (October 15, 1993)
- 10. Examination Reform -- A pre-PAAD/PP BESO Analysis of Prospects and Possibilities (July, 1994)
- 11. BESO Monitoring and Evaluation Plan (August, 1994)

List of Tables and Figures

Tables:

1. Primary Education System Indicators, 1992-93	9
2. Regional Primary School Enrollments, 1992-93	11
3. Estimation of Sectoral Resource and Financing Requirements	29
4. Matrix of Donor Interventions	31
5. Education Investment Program, 1992-93	31
6. Investment Financing for Education, 1993-94	32
7. Program Reform Matrix	75
8. Expected Achievements and Impact	96
9. Summary Cost Estimate and Financial Plan	100
10. Schedule of Obligations and Expenditures by Fiscal Year	104
11. Illustrative Methods of Implementation and Financing	106

Figures:

1. Primary School Population and Enrollment, 1986-2000	9
2. Expenditures on Education, 1983/84 - 1993/94	24
3. Education's Share of Budget by Region, 1993/94	25
4. Allocations within the Education Sector, 1993/94	25
5. Regional Allocations within the Education Sector, 1993/94	26

List of Acronyms

ADB	African Development Bank
APC	Awraja Pedagogical Center
API	Assessment of Program Impact
BESO	Basic Education System Overhaul
BCCC	BESO Central Coordinating Committee
BRCC	BESO Regional Coordinating Committee
CBO	Community Based Organization
DFA	Development Fund for Africa
EEC	European Economic Community
EFA	Education for All
EMMA	Education Mass Media Agency
EMPDA	Education Materials Production and Distribution Agency
ERRP	Emergency Recovery and Reconstruction Project
FINIDA	Finnish International Development Agency
GER	Gross Enrollment Rate
GTZ	German Technical Cooperation Agency
ICDR	Institute for Curriculum Development and Research
IDA	International Development Agency
IER	Institute for Educational Research
IMF	International Monetary Fund
MEEC	Ministry of External Economic Cooperation
MER	Monitoring, Evaluation and Reporting
MOE	Ministry of Education
MOF	Ministry of Finance
MOPED	Ministry of Planning and Economic Development
MQS	Minimum Quality Standard
NEB	National Examinations Board
NFE	Non-Formal Education
NGO	Non-Governmental Organization
NPA	Non-Project Assistance

ODA	Overseas Development Agency
OPEC	Organization of Petroleum Exporting Countries
PAAD	Program Assistance Approval Document
PAIP	Program Assistance Initial Proposal
PID	Project Identification Document
PMO	Prime Minister's Office
PP	Project Paper
PPD	Planning and Project Department (of the MOE)
PVO	Private Voluntary Organization
REB	Regional Education Bureau
RFB	Regional Finance Bureau
SEPR	Southern Ethiopian Peoples' Region
SIDA	Swedish International Development Agency
SSA	Sub-Saharan Africa
TGE	Transitional Government of Ethiopia
TTI	Teacher Training Institute
UNDP	United Nations Development Program
UNESCO	United Nations Education, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WEO	Woreda Education Office
ZEO	Zonal Education Office

BASIC EDUCATION SYSTEM OVERHAUL (BESO)

I. EXECUTIVE SUMMARY

During the latter half of the 1980s in Ethiopia, the former Government's coercive policies, civil war and economic crisis led to a drastic decline in enrollment and quality at all levels of the education system. The Ministry of Education (MOE) estimates that gross enrollment rates (GER) at the primary level fell from 35% in 1987/88 to 22% in 1991/92, and that over 50 percent of students who enroll in primary school drop out before completing third grade. Indicators 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 serious gender and regional disparities.

Declining enrollment in some areas is caused in part by decreased demand and low community support, the reasons for which include economic constraints such as the opportunity costs of child labor and school costs in relation to family income, the lack of employment opportunities after school, curriculum that is unresponsive to the needs of the majority of children and their communities, over-zealously applied school language policy, and the overall poor quality of the school environment. Equally problematic is the shortage of schools in some areas.

Despite these problems, there are now encouraging signs of positive change. National plans for sector overhaul, including a bold move toward genuine system decentralization in management and financial planning responsibility as well as in regionally relevant instructional design reform, are matched by a growing number of reports of an upsurge of primary enrollments and community-level actions to foster initiative and involvement in local-development issues in general and school-based issues in particular. There is a strong sense that now is the time to act while there is wide agreement on the policy and structural deficiencies of the sector and a strong momentum is underway for positive reform.

In support of the Transitional Government of Ethiopia's (TGE) efforts to overcome the challenges facing the Ethiopian education system, the Basic Education System Overhaul (BESO) program combines non-project resources (\$50 million) and project resources (\$30 million) in a coordinated seven-year approach to both policy and institutional reforms to help the primary system boost quality and enhance equity in an environment of expanding access. An underlying premise of the BESO program is that reform and progress throughout the sector 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. To this end, the five key BESO program areas include i) improved quality and equity of the primary school environment, ii) improved efficiency and effectiveness of key quality-related services, iii) improved quality of pre-service teacher training, iv) improved decentralized management and administration of primary education, and v) increased and more rational and efficient sectoral financing.

The BESO program will employ a systems approach, working simultaneously in two directions: from top-down and bottom-up. Non-project assistance will be primarily

utilized in order to ensure that central policies and resources are being mobilized to provide sufficient support to the school-level and to those institutions that are charged with providing support to schools. Since BESO resources will not be adequate to assist all regions equally, two regions - Tigray and the Southern Ethiopian Peoples Region (SEPR) - have been selected as target regions and non-project and project resources will be used to support these more geographically concentrated efforts. Working with the regional administrations (regional, zonal and woreda offices) in defining and implementing their new roles in managing and supporting an improved primary system will constitute an important focal point for assistance under the BESO program. Furthermore, within the two target regions, geographic areas will be selected where grass-roots approaches will be taken to promote school and community-level innovations. BESO will also support activities aimed at spreading gains and lessons from the target regions to the other regions of the country.

The expected achievements and impacts of BESO can be categorized into four areas: (1) improvements in school-level quality and equity; (2) improvements to quality-related school inputs; (3) improvements in teaching force quality and equity; and (4) improvements in regional and sub-regional administrative and management capacity. These achievements all depend on a further factor of crucial importance to the BESO program: increased and more rational and efficient sectoral financing at national, regional and sub-regional levels. Achievements and impacts in each of these areas can be viewed in the short, medium, and long-term and in terms of policy, institutional, and school-level achievements.

BESO has been designed as a seven-year program. However, experience in other countries and the magnitude of the task in Ethiopia suggest that significant impact on children and their communities will require sustained efforts over a longer term. Even assuming BESO's success in achieving its purpose, by the end of the program much will remain to be done. Therefore, it is anticipated that a follow-on effort will be needed in order to continue the momentum established by BESO and realize substantial system-wide gains in the quality of the learning experience available to children in their classrooms.

II. ANALYTICAL FRAMEWORK

A. Sector Overview

A.1 Historical Background

While there is a long tradition of education in Ethiopia, the real growth of modern education is considered to have begun in 1941 following the end of Italian occupation and the return of Emperor Haile Selassie to power. Starting from a small elite base, primary school enrollment increased from about 19,000 in 1943 to 90,000 in 1955. By 1962, primary school students had grown to 125,000, 33% of whom were female. Middle school enrollment was 327,000 (20% female), secondary school enrollment was 9,400 (15% female), and tertiary education enrollment was 968 (5% female). Despite continued growth in enrollment rates, the actual number of children attending school represented a small fraction of the eligible population. By 1973/74, the gross enrollment rate (GER) at the primary level was 16%, 4% at the secondary level, and less than 1% at the tertiary level.

Furthermore, over this period, access to schooling was limited primarily to the more urban areas and the more densely populated provinces. Thus, in 1971 35% of primary school age children in Addis Ababa were enrolled, while the comparable figure in Hararge Region was 6%. Participation rates of girls remained relatively low, ranging from 32% at the primary level to 8% at the tertiary level.

Following the 1974 socialist revolution, mass education through formal schooling and national adult literacy campaigns became a priority concern of the Ethiopian Government, and led to immense numerical growth in enrollment. Almost 3 million students were added to the education system over the next 15 years. However, expenditures on education as a percentage of the national budget fell from 17% to 9.5%. Thus, overall enrollment rose by 376% in absolute terms, while real expenditures increased by only 43%.¹

During the latter half of the 1980s, the socialist Government's preoccupation with civil war and economic crisis led to a drastic decline in enrollment and quality at all levels of the education system. The Ministry of Education (MOE) estimates that GER at the primary level fell from 35% in 1987/88 to 22% in 1991/92.² Since the fall of the socialist government in 1991 and the installation of the Transitional Government of Ethiopia, the MOE and the education sector are faced not only with challenges of uneven demand for and supply of education, and of poor quality and equity throughout the system, but also with the far-reaching consequences implied by the TGE's efforts to establish a federal system of government.

The state of the education system in 1992/93, in terms of enrollment, schools, teachers, and levels of financing, is depicted in Table 1.

¹ USAID, *Ethiopia Education Sector Review, Part I, 1992*.

² World Bank, *Ethiopia: Education Sector Public Expenditure Review, 1993*.

Table 1: Primary Education System Indicators, 1992/93

System Capacity		System Financing	
Primary School Age Population	9.3 million	Education Expenditure/GDP (91-92)	3.5 %
Total Primary Enrollment	2.0 million	Total Education Expenditure	Birr 728 million
Primary Gross Enrollment Rate	22%	Total Recurrent Expenditure	Birr 568 million
Primary Female Participation Rate	41%	Total Capital Expenditure	Birr 161 million
Number of Primary Schools	8,226	Education's Share of Total Gov't Budget	12%
Number of Primary Teachers	68,237	Education's Share of Recurrent Budget	18%
Percent Female Teachers	26%	Primary's Share of Total Ed Budget	47%
Overall Student-Teacher Ratio	29:1	Non-Salary Share of Primary Ed Budget	13%

Source: World Bank, *Education Sector Public Expenditure Review*, Oct. 1993.

Looking to the future, Figure 1 gives an indication of the challenge faced by the primary education system in Ethiopia, first at overcoming the decline in enrollment experienced over the last few years, then at attempting to keep pace with projected population growth.³

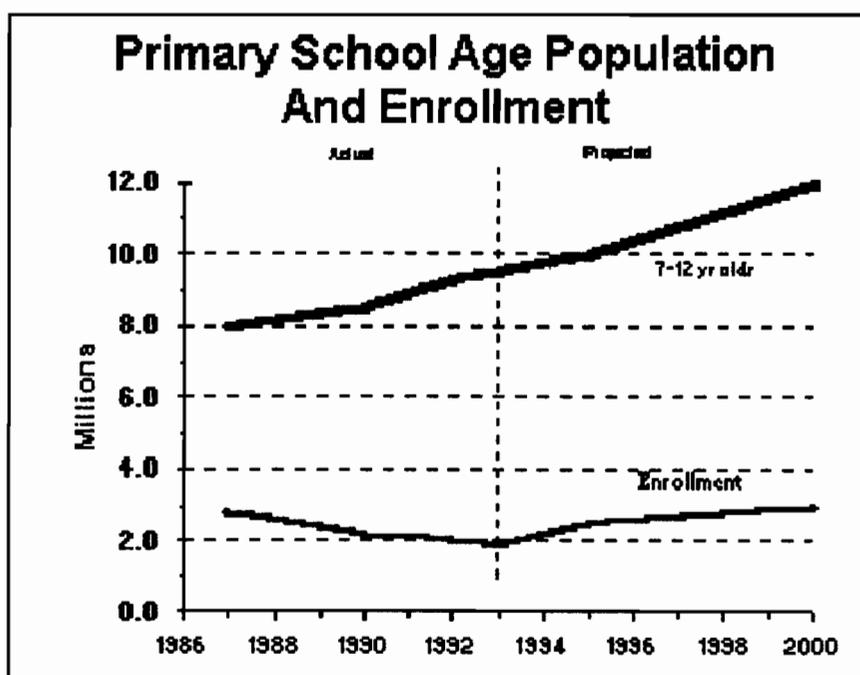


Figure 1

³ Population data are taken from *Demographic Profile of Population Policy of Ethiopia*, Addis, July 1993, pg. 15, Figure 7.

A.2 Sector Structure

The MOE has traditionally been responsible for overall administration, management and policy development. The sector is divided into general education (pre-primary, primary, junior secondary, senior secondary, vocational, technical, and non-formal) and tertiary education. There is a 12-year stream consisting of six years of primary education, two years of junior, and four years of senior secondary (6 + 2 + 4). Higher education is offered through a variety of universities, colleges, and technical institutes.

The MOE also administered non-formal training through Community Skills Training Centers, Basic Development Education Centers, and Community Learning Centers, while senior secondary courses are available through distance teaching and evening study. Over the years, the non-formal system was abused and is now by and large dysfunctional. Several NGOs have recently begun to provide non-formal education to adults, particularly to demobilized soldiers and women. Private schools are few in number, and account for about 7% of schools and 11% of the enrollment at the primary level. This situation should begin to change with the recently approved TGE policy which supports an environment for more private schools to operate.

Twelve teacher training institutes (TTI) are responsible for training pre-primary and primary school teachers and head teachers. The TTIs provide both pre-service and in-service training. They have a total nominal capacity of 7,350 students.

Pedagogical services have traditionally been provided by the MOE through various semi-autonomous national institutions. The Educational Mass Media Agency (EMMA) provides educational programming for both radio and TV transmission. MOE data indicates that EMMA radio broadcasts, particularly, are widely used. It is claimed that transmitters cover 90% of the country; 70% of schools have trained media teachers and functioning radio sets; and 87% of schools adjust their schedules to accommodate EMMA broadcasts. The Institute for Curriculum Development and Research (ICDR) is responsible for developing and writing curricula, textbooks, and materials for the entire pre-university education system. ICDR reports that it has written about 200 syllabi, books, and guides, and trained 30,000 teachers in their use. The Educational Materials Production and Distribution Agency (EMPDA) produces and distributes educational materials to the entire country, including the texts developed by ICDR. In 1991/92, EMPDA was responsible for 300 titles (in 4 languages), printing about 2.8 million texts. It also produces school furniture and teaching aids, such as science kits.

The TGE's policies linked to regionalization efforts and the decentralization of administrative authorities to the regions have created a great deal of confusion in the overall structure of the education sector. Responsibilities for managing and administering the primary education sub-sector, the non-formal education programs, the TTIs and providing pedagogical services are in a state of flux as many of these institutions are in the process of redefining their roles and authority vis-a-vis the central government.

The decentralization of administrative roles and functions from the center to eleven regions implies substantially greater autonomy for Regional Education Bureaus (REBs) to interpret and execute policies regarding education sector governance within their respective jurisdictions. As part of the regionalization effort, the Ministry and the formal education structure have been formally reorganized, and are now redefining their

respective roles and responsibilities within this new federal system. More specifically, regionalization has meant shifting to local languages as the medium of instruction; devolution of MOE functions in curriculum development, materials production, radio broadcasting, and planning, among others; and increased regional responsibilities for management and administration.⁴ As the various functions continue to devolve to the REBs, the MOE and many of its agencies will be compelled, in order to stay relevant, to become more service-oriented organizations, for example, by providing technical assistance and training to regional counterparts.

A.3 Equity

There are some extreme regional, ethnic, gender and rural-urban disparities in the Ethiopian education system. Table 2 illustrates the variations in enrollment across regions. The regions also vary greatly in their abilities to support the provision and delivery of educational services. Economies, resource bases, and availability of skilled labor, differ tremendously, and will, under regionalization, affect regional revenues for education. Educational facilities are not equally distributed among regions. Teacher Training Institutes, for example, vary in number from none to six per region. Under the new language policy, which permits regions to determine for themselves the medium of instruction to be used in the primary cycle, it will be difficult for some regions, particularly those with no TTIs to recruit teaching staff with the requisite language skills.

Table 2: Regional Primary School Enrollment, 1992/93

REGION	School Age Population	Enrollment	GER
Tigray	542,000	261,269	48 %
Afar	176,000	42,491	24 %
Amhara	2,406,000	320,058	13 %
Oromiya	3,235,000	698,111	22 %
Somali	245,000	27,645	11 %
Benishangul	103,000	7,313	7 %
SEPR	1,931,000	386,980	20 %
Gambella	35,000	6,865	20 %
Harar	13,000	10,511	81 %
Addis	480,000	253,183	53 %
Dire Dawa	94,000	17,268	18 %
Total	9,260,000	2,031,694	22 %

Source: World Bank, *Education Sector Public Expenditure Review*, 1993.

⁴ USAID, *Ethiopia Education Sector Review*, 1992.

Some regions with a more complex mosaic of cultures will be faced with the challenge of teaching and producing curricular materials in a number of local languages. This will require considerably more resources in terms of funds and expertise.⁵

Female enrollment also varies greatly by region. In Addis Ababa, girls constitute 57% of primary school enrollment. In more rural areas, female participation in primary school averages closer to 30%. National statistics do indicate an overall relatively high participation rate for girls. In 1992/93, female participation rates as a proportion of total enrollments averaged 41% in primary school, 48% in junior secondary school, and 45% in senior secondary school. However, as girls advance in grade level, their participation rate declines to 10% at the tertiary level (as a proportion of degree candidates). (World Bank Education Sector Public Expenditure Review). Meanwhile, 25% of primary school teachers are women. This percentage drops to 12% at the junior secondary level, and 10% at the senior secondary level.⁶ In 1991, 21% of Teacher Training Institute students were women, while 12% of TTI staff were women. There are very few women administrators at all levels of the system.

There are large disparities in educational resource allocation between urban and rural areas. In rural areas infrastructure is of lesser quality and schools are much less well equipped. There are also fewer junior and senior secondary schools in rural areas, although only 12% of the population resides in urban centers. Of the estimated 15% of the primary schools destroyed during the civil war, most were in rural areas. Also a *de facto* policy of preferentially assigning female primary teachers to less remote schools seems well entrenched. The MOE policy of assigning new teachers to rural schools and then transferring them to urban areas after 3-5 years of service results in fewer experienced teachers in rural areas. Teacher flight to urban areas and the assigning of teaching staff to regional administrative positions worsens this situation. Unlike urban centers, rural communities are expected to contribute the land and labor to school construction and maintenance.

Finally, although there is great concern for developing more relevant curricula for rural schools, little of a practicable nature has been achieved. This contributes to community perception that schooling is not useful, and in some cases results in local resistance to supporting schools and to pupil enrollment.

A.4 Quality

As has been mentioned, the educational system had been seriously under-financed and neglected during the later half of the 1980s. This has led to considerable deterioration in the quality of instruction and teacher morale (at both schools and TTIs), and in the physical facilities and learning environment. One manifestation of poor quality has been high rates of wastage i.e., dropout and repetition. Reportedly, only about 50% of pupils who enroll in grade one manage to complete grade three.

Throughout the system, many teachers are under-qualified or unqualified and generally poorly motivated. Their teaching is teacher-centered and heavily focussed on rote

⁵ USAID, Ethiopia Education Sector Review, 1993.

⁶ MOE, Ethiopia, Basic Education Statistics, Addis Ababa, October 1989.

memorization. There is little emphasis on intellectual stimulation, practical application, or student-centered learning. The teaching profession generally is held in low esteem in part because of the poor pay and limited potential for career advancement. Recruitment into the profession is not based on competency or a preference for teaching. It is widely believed that most teachers are in the profession for lack of talent or opportunity to enter any other. The Teacher Training Institutes overload their training curricula with theoretical material, excessive academic specializations, and a theoretical pedagogy that allows for only three weeks of practice teaching. The teaching of student assessment to gauge teaching effectiveness is virtually unknown. Although 65% of TTI teaching staff have university degrees, most have no training as teacher trainers or experience as primary school teachers.⁷

Physical plant facilities for both schools and teacher training institutes are badly deteriorated. Some of the deterioration and destruction is attributable to the civil war. In most other cases, however, institutions have simply been neglected for years, and are in urgent need of rehabilitation. In addition, institutions are desperately short of furniture, equipment, materials, and in the case of TTIs, suitable living space for students. These conditions have resulted in poor teaching and learning environment, and contribute to the general decline in quality.⁸

A.5 The Policy Context

In laying out its strategy for reforming the education sector in Ethiopia, the TGE released its New Education and Training Policy in April 1994. The new education policy represents an attempt to respond to the following critical priorities which had been previously identified by the MOE:

- In terms of equity, the low enrollment ratios at the primary level; the high gender disparity, and the high regional disparity
- In terms of quality, insufficient number of qualified and motivated teachers; the shortage of books and materials; high dropout and repetition rates; ineffective curriculum, particularly in science, mathematics and English; and the irrelevance of schooling to societal needs.
- In terms of educational organization, low management capacity at all levels; highly centralized, undemocratic and inefficient structures, without the proper delineation of authority, responsibility and accountability; lack of coordination between various levels and efforts; and few mechanisms for community participation
- In terms of educational finance, low sector allocations; minimal private sector participation; insufficient cost-sharing at higher levels
- In terms of socioeconomic development, the past use of education as an indoctrination tool, which along with a didactic pedagogical approach, stifled student creativity and independence

⁷ IER, *Analysis of Pre-Service Primary Teacher Education in Ethiopia*, February, 1994.

⁸ World Bank, *Ethiopia: Education Sector Public Expenditure Review*, 1993.

Prior to its final release, the draft policy was distributed and discussed at all levels throughout the country. The Education and Training Policy mandates that several key policy strategies and initiatives be pursued in an attempt to improve the above conditions. The following is a summary of the plans that will have major implications for the primary sub-sector and are particularly relevant to BESO:

Educational Structure

- Primary education will consist of grades 1 through 8 split into two 4-year cycles: basic and general. Basic education will focus on literacy, numeracy, environment, agriculture, crafts, home science, health services and civics.
- Parallel to general education, diversified technical and vocational training will be provided to those who leave school from any level of education.

Languages and Education

- Primary education will be given in nationality languages. English will be the medium of instruction for secondary and higher education.
- The language of teacher training for kindergarten and primary education will be in the nationality language used in the area.

Teachers

- A professional career structure will be developed in respect to professional development of teachers.
- Teacher education and training components will emphasize basic knowledge, professional code of ethics, methodology and practical training.
- Teachers will be certified before being assigned to at any level of education.
- A mechanism will be created through which employers, training institutions and the Teachers Association will participate in the recruitment of trainees.
- Special attention will be given to the participation of women in the recruitment, training and assignment of teachers.
- Teacher training institutions, including higher education, will function autonomously with the necessary authority, responsibility and accountability.
- Teacher training institutions of all levels will be required to gear their programs towards the appropriate educational level for which they train teachers.
- Various steps will be taken to motivate teachers, especially to those assigned in hardship areas.

Educational Organization and Management

- Clear guidelines, stating the rights and duties of all involved in education, will be issued to ensure participatory and proper professional relations.
- 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.
- Educational management will be democratic, professional, coordinated, efficient, and effective, and will encourage the participation of women.
- Educational institutions will be autonomous in their internal administration and in the designing and implementing of education and training programs, with an overall coordination and democratic leadership by boards or committee, consisting of members of the community, development and research institutions, and students.

Educational Finance

- The priority for government financial support will be up to the completion of general secondary education and related training (grade 10), with increased cost sharing at higher levels
- The government will create the necessary conditions to encourage and give support to private investors to open schools and establish various educational and training institutions.
- The necessary conditions will be created for educational and training institutions to generate their own income and to use it to strengthen the educational process.
- The government will give financial support to raise the participation of women in education.

Educational Support Inputs

- 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.
- Due attention will be given to popular participation in the production, distribution, utilization, upkeep, care and safety of educational materials, educational technology and facilities.

Curriculum

- The preparation of curriculum will be based on the stated objectives of education i.e., relevant and appropriate, formal and non-formal channels, critical thinking and problem solving, secular, grounded in local culture, gender sensitive, and environmentally conscious.
- The curriculum developed and textbooks prepared at the central and regional levels should be based on sound pedagogical and psychological principles and aimed towards international standards, giving due attention to concrete local conditions and gender issues.
- A mechanism should be created for integrated educational research and overall periodic evaluation of the educational system.

Education Measurement and Examination

- National examinations will be conducted at grades 8 and 10 to certify completion of primary and general secondary education, respectively.
- Continuous assessment in academic and practical subjects, including aptitude tests will be conducted to ascertain the formation of all-round profiles of students at all levels.
- A national organization of educational measurement and examination will be established to provide central professional guidance and coordination.

Nexus Between Education and Training

- Governmental and nongovernmental organizations can establish vocational and technical training programs according to their needs.

Activities on several of these policy initiatives have already begun. In the area of curriculum, ICDR held a two-week workshop in July, 1994, with regional curriculum and textbook developers to develop the outline for first and fifth-grade curricula. The new grades 1 and 5 curricula will be pilot-tested in 110 schools in the upcoming

academic year and implemented on a large scale the following year. Grades 2 and 6 curricula will be developed next year, 3 and 7 the following year, and 4 and 8 following that. In addition, existing textbooks have already been translated (and some already published) in several local languages.

Several activities are also being seriously discussed which will significantly affect recruitment and placement, content of instruction and duration of training for teachers as well as their overall professional development. Responsibility for the TTIs has already shifted from the MOE to the regional levels. It is also anticipated that the current one-year pre-service TTI program will be phased out in favor of a two-year program over a period of five years. Also, training of teachers will be split into lower primary and upper primary. For lower primary (grade 1-4), teachers should have completed grade ten and been trained for two years, to certificate level. For upper primary (5-8), teachers should have completed grade twelve and then been trained for two years, to diploma level. As soon as the new primary school curriculum for grades one and five has been drafted (probably by September 1994) drafting of a new, complementary, teacher education curriculum will begin. In addition, a new career structure for the professional development of teachers has already been designed and is awaiting approval. Under the proposed structure, six categories of primary teachers are foreseen: beginner teacher, junior teacher, senior teacher, associate lead teacher and lead teacher. Each will have different salaries and responsibilities.

Decentralization of educational administration from the central to the regional levels is also well underway. The MOE has been significantly pared down, although MOE-affiliated parastatals (ICDR, EMMA, EMPDA) remain quite large and powerful. Education offices have been established at the regional, zonal and woreda levels.

Two recent developments will have a significant impact on sector financing and efficiency. First, the MOE recently announced its plans to abolish the registrations fees that are currently levied by the school and used for operational expenses. Second, there has been some discussion into formalizing a policy of automatic promotion in grades 1-4.

Beyond these initial activities, the overall priority, pace and level of implementation of the new education policy is unclear. Also unclear is the extent to which the regions will be required to adopt all of the policy guidelines.

B. Sector Constraints

The Ethiopia education system suffers many of the same problems faced in other sub-Saharan African countries, but ranks among the least developed in terms of provision of access, quality and equity at primary, secondary and tertiary levels. At the primary school level, despite over 2.5 million students enrolled in 8,345 schools, the system was only reaching some 27 percent of the relevant age group in 1989, the last year for which official data are available. Since then the proportion has reportedly dropped to as low as 22 percent. This compares to an average primary participation rate in sub-Saharan Africa of about 70 percent. At the higher levels only 10 percent of the secondary age population had access to junior secondary school and 8 percent to senior secondary in 1989, about one-half the rate for sub-Saharan Africa. These very low participation rates place Ethiopia among the countries with the least developed systems of formal education in the world.

In order to achieve its economic, political, and social goals, the strengthening of Ethiopia's human resources must proceed at several levels, from primary through tertiary education. The Education Sector Review documents many of the constraints which exist throughout the formal system, particularly those relating to access, equity, quality and financing. Furthermore, with access in the formal system so constrained, coupled with the failed programs for out-of-school youth and adults of the previous regime, the need to improve avenues for literacy and other non-formal education (NFE) is also large and compelling. Potential areas considered for USAID assistance therefore, in addition to primary education, included the secondary, tertiary and NFE segments of the sector. The decision on whether and to what extent to become involved in these segments was analyzed within the context of USAID's own comparative advantage and limitations in the education sector as well as the current and planned activities of other donors in the education sector. It was the judgment of the Sector Review Team and the Mission that while the constraints operating at the primary level are the most broad in scope and complexity, this level represents the most strategic and advantageous place to start addressing system-wide problems. For this reason, the focus of BESO is on primary education and its supporting systems.

B.1 Underlying Constraints

Supply and demand for primary schooling is uneven throughout the system.

Throughout much of the development of Ethiopia's modern education system, the focus has been on alleviating supply-side constraints through system expansion, resulting in enrollments growing at approximately 12-15 percent annually between 1960 and 1989. But there is compelling evidence that in some areas children are not kept out of school because of lack of school places, but because their parents have made the conscious decision not to enroll them. Under the socialist government, supply-side constraints were addressed by requiring community support in the construction and financing of village schools. Demand-side constraints were addressed in a similarly coercive fashion: parents were required to enroll their children in primary school and themselves in adult literacy programs under penalty of fines and imprisonment.

Supply and demand within the primary education system is currently quite uneven, with great variation between and within regions. In some areas, the supply of schools has not been able to keep up with the demand for education. In other areas, such as rural communities, there is low demand for education based on factors which include: lack of further educational opportunities, low potential for off-farm employment, perceived irrelevancy of schooling to rural life, high direct and opportunity costs of schooling, poor quality of schooling and infrastructure, a new mother-tongue language policy, and resentment over past practices (e.g. using schools to conscript students, nationalizing private lands for school compounds, forcing students to work on school garden plots).⁹

Rural-urban, class, ethnic and gender inequities undermine the access and success of children in the education system. Unfortunately, national-level statistics serve to perpetuate these inequities by masking them in aggregated figures. For example, 1992/93 regional primary GERs show some regions with rates as high as 80 percent. In contrast, in the same year a GER of 7 percent was reported for Benishangul. Female access to schooling also varies significantly among regions. In some regions, girls make up as much as 60 percent of enrollments versus other regions where their participation

⁹ USAID, Educational Demand in Rural Ethiopia, (draft) 1994.

rates are as low as 30 percent. Furthermore, very little information exists with regard to how these inequities manifest themselves in the classroom setting and impact various groups' persistence and success in schools.

The quality of education at all levels of the system has deteriorated markedly during the last decade. Indicators of poor quality include shortages of inputs such as qualified teachers (particularly in English, mathematics and science), textbooks and learning aids. The MOE reports that only 40 percent of schools have texts, and that the national student to book ratio is 4:1. While this ratio may reflect a global proportion of books produced to children enrolled, it masks the reality of many classrooms in which there are no textbooks. Difficulties in delivering materials to remote areas, production of books in Addis Ababa, the MOE's production limitations, and the lack of recurrent budget all contribute to this problem. Furthermore, the quality of the physical school environment i.e., damaged buildings, no desks or chairs, unhygienic latrines and lack of clean water, etc. makes attendance and concentration in school extremely difficult.

The government's regionalization policy has further compounded the confusion within and placed an additional strain upon the education sector. As a result of this policy, much of the responsibility for the primary education sector is being devolved to the regional level. Several administrative and political implications are attached to this devolution of responsibility. The MOE has completed its first round of reorganization in which the function and structure of many offices have been cut or redefined and staff released or reassigned. In addition, a structure for regional administrations consisting of the regional educational bureau (REB), zonal education office (ZEO) and woreda education office (WEO) has been set up and regions have begun to staff up. While the form of the education organization has been defined as virtually identical to the central level, the actual functions and responsibilities of various offices and personnel have yet to be clearly delineated. Rationalization of staffing in certain regions has been further complicated by a shortage of experienced personnel and ethnic hiring requirements. As long as structure and role of government education offices at the central and regional levels are in a state of flux, their ability to provide support to the education sector will be severely limited. And as long as the structure and organization is defined without attention to cost implications and efficient provision of priority support services to the schools, the system will be administratively heavy and costly. Prolonged administrative inefficiency and ineffectiveness represents a huge burden on the education sector -- the costs of which will most likely be at the expense of school-level improvements.

The impetus behind the regionalization policy is grounded largely in political motivations. These have the potential to create widespread politicization of the education sector. Such politicization would have serious efficiency, cost and morale implications on the sector. The ethnic hiring policies, for example, will place a tremendous strain on the system, at least in the short-term, as unqualified people are being hired or appointed into critical positions. Also, associated with the regionalization policy is a shift in language of instruction from Amharic to local languages which will have major implications on sector requirements and efficiency in both the short and long run. The shift in languages has been complicated by the decision of some local language groups to adopt the Latin script. The language policy requires extensive revision and production of new educational materials. In addition, it places significant requirements and constraints on retraining and deploying the existing teaching force as well as restrictions on the recruitment and placement of new teachers. Part of the danger of adopting new languages so quickly is linked to the weak technical capacity in

curriculum development. In general, several false perceptions exist as to the ease at which curriculum can be developed and translated. Continued decision-making based on political rationale rather than sound technical and financial analysis will provide a source of tension and inefficiency within the education sector for several years to come.

B.2 Constraints to Realizing Education Reform Objectives

The ability of the TGE to implement its new Education and Training Policy and to pursue other reforms in the education sector will directly hinge upon three types of constraints: financial, institutional and technical.

Financial Constraints

The TGE's ability to implement its ambitious new policy will be seriously impacted by the sector's financial constraints. Although the education sector has witnessed an overall increase in government budgeted resources over the past three years, anticipated requirements for achieving all of the targeted objectives and programs will far exceed the capacity of the system. These overwhelming costs necessitate that careful planning and prioritization take place. Simultaneously pursuing all of reform objectives could result in gross dilution of efforts and paralysis of the system.

Furthermore, given the current economic base and its projected growth as well as other country priorities, it is not clear whether even the current education sector budgetary levels can be sustained. Also, it is not clear to what extent the Ministry of Finance is willing to support reforms in the education sector. Few linkages currently exist between policy objectives of the MOE and financial constraints and plans of the MOF. The issue of sustainability of resource base is particularly critical considering that sectoral financing lacks diversification of sources. Private contributions to education financing are low, especially at the secondary and tertiary levels. Development of alternative sources of financing such as private schooling and cost recovery schemes at higher levels of education will be necessary in order to help alleviate some of the resource constraints faced by the sector.

Beyond concern over the overall size of the budget, several question marks exist in terms of the government's ability to allocate and implement the increased budget rationally, efficiently and expeditiously. Efficient management and effective targeting of resources will be determining factors in the government's efforts to meet its policy reform objectives. In particular, there is and will continue to be tremendous pressure on the budget in the form of capital costs and administrative and salary expenditures. The capital and recurrent budgets need to be coordinated so as to assure expansion does not exceed the rate at which a minimum standard of quality can be assured. Furthermore, the ability to pursue many of the reforms will be dependent on the MOE's ability to increase non-salary expenditures. Questions also exist in terms of how much of what is budgeted can effectively be absorbed by the sector. Much of this depends on the financial management capacity of the sector which at many levels is still at an infancy stage. Weakness in the financial management capacity will be particularly highlighted during resources flows from the center government to the regional administration down to the school level. If resources do not flow smoothly through the system down to the school level, initiatives to reform the education sector will be greatly hindered.

Institutional Constraints

The primary institutional constraints in implementing reforms to the education sector are linked to the regionalization policy. Of particular concern is the relationship between the central government and the regions. Under regionalization, responsibility for implementing the new policies will be on the regional administrations. At this time, it is not clear to what extent the regions will accept the new reforms or to what extent the central government can force them to accept the policies. Also, regionalization, at least in the short-term, has resulted in weak linkages and communication across regions and within regions (between the various levels) which will limit the education sector's ability to optimize reform achievements.

In addition, regionalization will create several staffing related problems. The new organizational guidelines call for sizable increases in education administrative staff in all regions. If these new guidelines were to be followed strictly by the regions, the number of positions required for administering the system at regional and sub-regional levels could grow by as much as 77 percent, or by an additional 12,500 positions.¹⁰ Beyond representing a sizable drain on limited financial resources, the new staffing requirements imply that many primary and secondary school teachers and school directors will be removed from their current positions and be placed in the regional administration. Furthermore, ethnic and language barriers will make any redeployment of staff between regions virtually impossible. This shortage of qualified personnel at all levels of the system will seriously impinge upon the government's ability to implement its reforms.

Technical Constraints

Several technical constraints within the education sector will also make it hard for the government to carry out reforms in the education sector. As has been alluded to under the financial and institutional constraints, there is currently a tremendous gap between the administrative and technical capacity of key actors in the system and that which is required to successfully pursue and implement much-needed reforms. In particular, the technical capacity in critical quality-related areas such as curriculum and textbook development, examination reform and teacher training is very low. This is especially disturbing considering that the MOE reforms are currently among the most active in these two areas. Given this weakness in technical capacity, the effectiveness of planned reforms is likely to be minimal. In addition, the ability to monitor and evaluate strengths and weaknesses in the current system and in future reforms is also very weak. This will have major implications in terms of both the system's ability to achieve its goals and its ability to correct and avoid costly mistakes.

Needless to say, training is sorely required at all levels of the system. The key questions will be related to how and where (at what levels) the training should be prioritized in order to maximize the benefits. However, in addition to this, flows of technically-sound critical information through the education system and into the education system (from other sectors and other countries) is extremely weak. Lack of technical capacity will directly constrain the sector's ability to prioritize rational policy decisions. One other critical source of concern is the constant tension that exists in the system between decisions made on technical analysis and those made on political grounds. Strong efforts will have to be made to ensure that technically-sound

¹⁰ *Organization and Management of Regional Educational Bureaus, 1994.*

decisionmaking is balanced against political motivations.

C. Economic and Financial Rationale for Assistance

C.1 Summary Economic Rationale

Macroeconomic Overview

Ethiopia, being the second most populous country in sub Saharan Africa, with an estimated population of 51.5 million people in 1993/94, ranks among one of the poorest countries in the world. Its per capita income of \$120 in 1991 is the result of declining growth during the last twenty-five years as evidenced by the real GDP per capita which is similar to that of the per capita GDP twenty-five years ago (1969/70).

The country's poor economic performance during the last two decades is well documented: the average real GDP growth of 4% registered during 1965 to 1973 fell to about 1.5% in the years 1974 to 1991. In fact, five of the last ten years have been marked with a negative growth of GDP ranging from -0.6 in 1990/91 to -7.4 in 1991/92. On the other hand population growth rate has actually accelerated from 2.4% to 3.0% over the last three decades. As a consequence of historically slow economic growth and rising population, it is estimated that at least one third of the entire population lives below the absolute poverty level.

In 1991, TGE entered upon a path of post-war economic reconstruction supported by a unique multi-donor recovery program, with a budget of over US\$657 million. This was followed by a Policy Framework Paper jointly prepared by the TGE, the World Bank and the IMF. As a consequence, Ethiopia, which had received the lowest per capita ODA in Sub-Saharan Africa of around US\$9.00 per capita in the 1980s, became a signatory to its first Structural Adjustment Credit (SAC) of around US\$250 million. It also became a recipient of the IMF's Structural Adjustment Facility (SAF), which, though not large by itself, facilitated Ethiopia's application for debt rescheduling at the Paris Club. This was successful in 1992 when Ethiopia received the enhanced Toronto Terms at Paris and was able to gain debt relief of approximately US\$397 million, in the form of debt service to be canceled or rescheduled by 1995.

Over the past three years, the TGE has unquestionably performed well in terms of bringing about economic stabilization, undoubtedly assisted by the strong recovery of FY 1992/93. However, some important caveats should be mentioned. Economic growth was achieved against a background of falling inflation, which, compared to the last fiscal year, is anticipated to be more than halved. Although a growth of 7.6% has been reached in the post civil war stabilization period of 1992/93, its sustainability is highly unlikely even with successful implementation of the reform program underway. The exceptionally good harvest during the FY 1992/93, coupled with the quick recovery of industrial output as a result of the easing of the foreign exchange constraints, are among the dominant factors that contributed to the relatively high growth.

This high positive growth does not appear to be holding in FY 1993/94 and might not in the subsequent years as well, for two reasons. First, there was a substantial reduction in crop production during 1993/94; and second, the building up of stocks of industrial output as a result of low domestic demand and competition from imports may likely deter the continuation of the quick recovery made in the industrial sector. The 1993

main cropping season was characterized by low performance of the agricultural sector which produced food shortages and slowdown in output, capacity utilization and sales of the manufacturing sector, followed by rising stocks of finished products. As a result, the GDP growth for 1993/94 is projected to be less than 3.0%, and could over the coming years continue at a level below the population growth rate.

The TGE, moreover, faces the difficult task of creating the enabling conditions for a sustained supply response in the remainder of the structural adjustment program due to end in 1995/96. There has been little movement on the divestiture of public enterprises, continued skepticism within the private sector over the government's commitment to the reform process and donor concerns about the delays in the formulation of implementable sectoral strategies to guide the still distant task of project preparation and approval.

Some uncertainty exists as to the ability of the Central government to finance its share of the recently enlarged education budget if faced with a substantial revenue shortfall in 1993/94, coupled with a less than expected collection of local currency generated under the ERRP.

Balance of Payments

The country's trade and current account balances have been nearly always deficit in the past two decades owing to harmful trade and exchange rate restrictions. The trade and current account deficits averaged 5.2% and 2.4% of the GDP respectively in the years 1969/70 to 1991/92. Although it is still too early to predict the long-term balance of payments consequences of the economic reform, there are clear signs of significant recovery in the level of exports. Total exports stood at US\$282.8 million in 1989/90, before the sharp decline in economic activity, at US\$112.1 million in 1990/91 when the previous government fell, and at US\$189.5 million in 1992/93 in the first year following devaluation. However, due to the strength of the economic recovery, imports rose faster than exports and by 1992/93 were estimated at US\$588.9 million. The current account balance, excluding official transfers, as a percentage of GDP during 1992/93 was around 12.9%. During the course of the present fiscal year this is expected to rise further to around 16.1%, and to 17.4% in 1994/95, largely due to a projected rise in the level of economic activity, stemming from a build-up of confidence in the reform.

Fiscal Analysis

Data on the Ethiopian fiscal situation shows declines in both public expenditure and revenue levels from the 1989/90 levels of 42.9% and 24.9% of GDP, respectively. By 1992/93 these had fallen to 34.2% and 17.5% of GDP. The sharp decline in domestic revenue has to a great extent been counteracted by a rise in grants. A comparison of revenue plus grants between the years 1989/90 and 1992/93 shows a comparatively smaller decline, from 28.6% to 23.5% of GDP.

The budget deficit, after grants, still stands at around 10.9% which although an improvement on the 14.3% in 1989/90, is still cause for concern since it is higher than that originally projected by the IMF. The overall deficit before grants is, however, much larger and is estimated at 16.7% for 1992/93, and projected to rise sharply to 20.8% in 1993/94, as a result of the much larger volumes of planned capital expenditure. This means that in the foreseeable future, public investment levels in Ethiopia will remain

highly dependent on foreign aid.

Data obtained from the Ministry of Planning and Economic Development pertaining to the last ten years (1983/84-1992/93) show that Government Ordinary Revenue (GOR), i.e., total revenue excluding external grant, has not shown a steady improvement except in the years 1985/86 to 1988/89, after which a consistently sharp decline is observed. The highest GOR during the last ten years was marked in 1988/89 when it amounted to 30.1% of the GDP. Income and profit taxes, domestic indirect taxes, foreign trade taxes and other non-tax revenues are the major components of the GOR.

All these components subscribed almost equally to the GOR in all the ten years with a slight decrease in the share of foreign trade taxes and an increase in the share of income and profit taxes in the second half of the decade. The total government annual revenues reached its record level of 4,537.3 million Birr during the last decade in 1988/89, when both GOR and external grants were the highest. Government revenue (excluding grants) rose from 22.8% of GDP in 1983/84 to its record level of 30.1% in 1988/89 because of taxes and other discretionary revenue measures like the war levy and mandatory contributions by public enterprises.

Total government expenditure on the other hand, rose from 32.5% of the GDP in 1983/84 to 41.0% in 1988/89 and fell back to 30.3% in 1991/92. The rise in the government expenditure was attributed mainly to the steady rise in the military expenditures and relatively high capital outlays during the period under consideration. The share of recurrent expenditure in the total government expenditure during 1983/84 to 1991/92 has been about 72% on average. The highest budget deficit during the decade was noted in 1984/85, when it accounted for 11.7% of the GDP. Available data for the FY 1993/94 are those of the first nine months which indicate that GOR and total government expenditures rose by 29% and 33% respectively from the levels of similar period in 1992/93.

The preceding analysis indicates that attempts are being made by the government to reduce the overall budget deficit, which is believed to have been achieved by certain measures like cutting defense spending, directing public expenditure away from direct productive activities towards the social sector (health, education, etc.), and also by eliminating subsidies to public enterprises. However, since much of the budget deficit reduction is achieved against the background of consistently falling domestic revenues, the reduction will be short-lived unless the revenue generation capacity of the government is improved.

C.2 Exceptional Financing Requirements

The analysis above indicates that the country's economy has been supported by deficit financing. Trade and current account balances have nearly always been negative. With the background of falling domestic revenues which apparently resulted from the events of the transition period, the government must explore all possible sources of financing its relatively expensive programs associated with the economic reform, particularly those of decentralization. No data were available providing the overall budgetary implications of the reform program, at least in the short-term.

However, some attempts have been made by different institutions to project financing requirement of the government. According to the estimate made by IMF staff, the

country's external financing requirements for FY 1993/94 and 1994/95 amounted to 871 million SDR and 835 million SDR respectively. According to the same projection, out of these requirements, only 605 million SDR and 502 million SDR respectively have identified sources of finance. Hence the financing gap, without considering possible debt relief, amounts to 266 million SDR and 333 million SDR for 1993/94 and 1994/95, respectively.

C.3 Education Sector Financing Requirements

It is against this background of huge external financing requirements that the education sector is expected to implement the TGE's new education policy. The costs associated with qualitative improvements in the sector, decentralization of the administration of the school system, reform of the curriculum to meet local needs and a fundamental change in language policy, etc., which are all the concerns of the new education policy, will be very high.

The recent upward shift in the percentage of the overall government budget allocated to the education sector evident in Figure 2 (from 8.5% in 1988/89 to 13.1% in 1993/94) suggests the magnitude of resources the sector will require in the short to medium term. The 42.2% increase of the education budget for 1993/94 over the 1992/93 budget is supposed to be financed, according to information from the Ministry of Finance, by the counterpart funds generated from commodity grants of various donor countries and agencies. However, the poor record of payment into the counterpart fund by the government, as revealed through a recent Mission assessment, may have hampered the implementation of the 1993/94 budget.

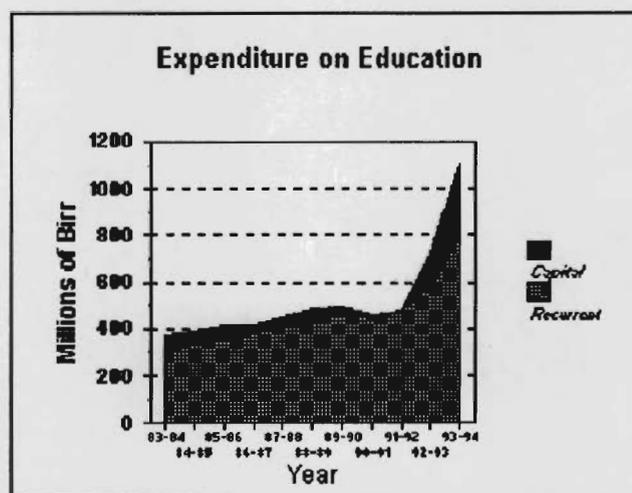


Figure 2

Within regional budgets, there are wide variations in the percentage of recurrent and capital expenditures budgeted in 1993/94 devoted to education. No region has budgeted less than 20 percent of its recurrent expenditure for education. Education receives the lowest share in Gambella, 21 percent, and the highest share in Addis Ababa and Oromiya, both at 42 percent (see figure 3). Concerning capital budgets in 1993/94, education has the lowest share of region expenditures in Addis Ababa, 5

percent, and the greatest percentage in Dire Dawa, 51 percent.¹¹

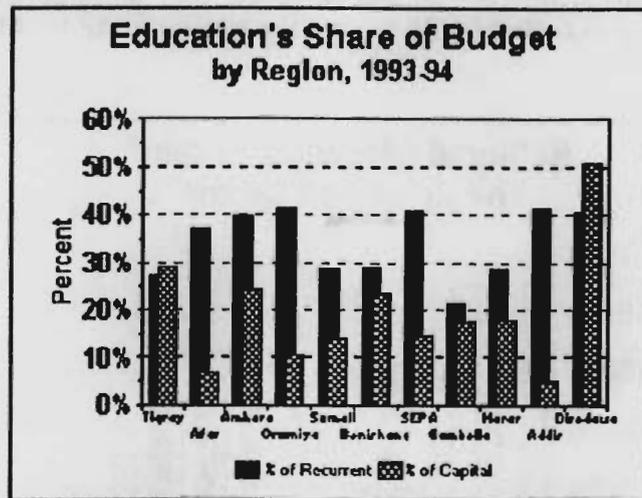


Figure 3

Examination of the 1993/94 budget reveals the present prioritization of levels and types of education. Figure 4 indicates that of the overall education budget, the primary sub-sector share represents 47 percent. This is followed in importance by secondary and higher education with 28 and 11 percent respectively. Primary education is allocated the greatest share of the recurrent sectoral budget, 54 percent, followed again by secondary and higher education with 26 and 10 percent. In the capital budget, secondary education's allocation represents the largest share, 35 percent, with primary and higher budgeted at 31 and 12 percent respectively.¹²

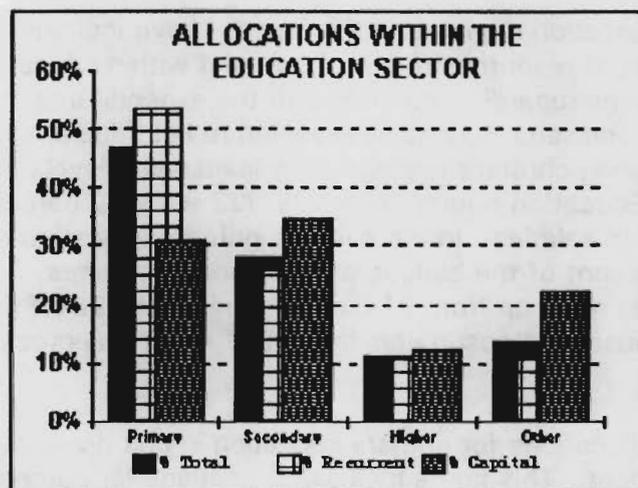


Figure 4

¹¹ World Bank, *Ethiopia: Education Sector Public Expenditure Review, 1993, Tables 11 and 12.*

¹² World Bank, *Ethiopia: Education Sector Public Expenditure Review, 1993, pg. 9.*

Figure 5 shows that regional education budgets in 1993/94 allocate over 60 percent of recurrent expenditure to primary education, with the exception of Addis Ababa and Dire Dawa. Capital allocations within the education sector vary more considerably, with the highest share for primary in Oromiya (65%) and the lowest in Addis Ababa (6%).

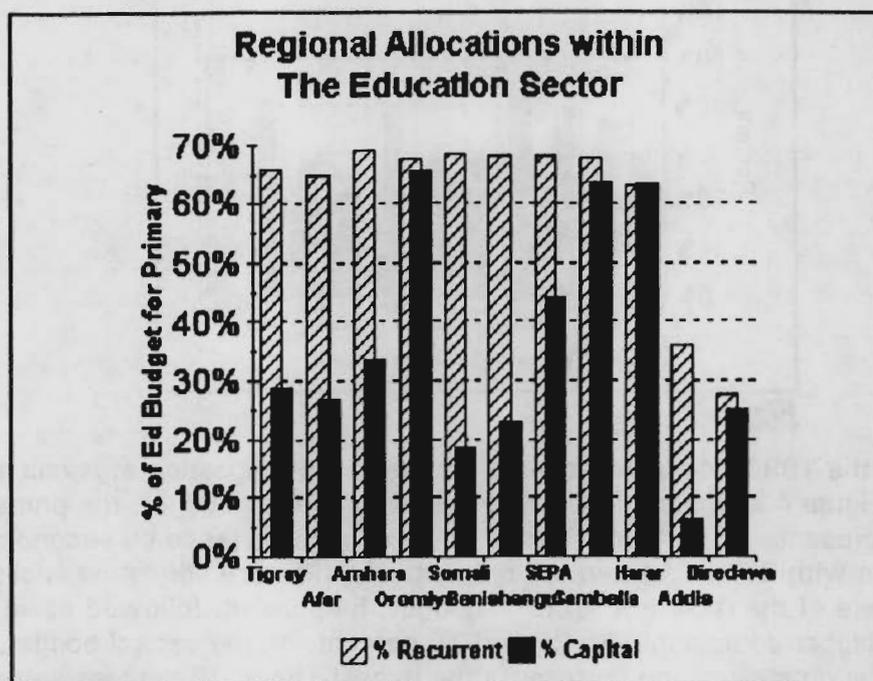


Figure 5

While the patterns of allocation depicted in the figures above indicate an important government commitment of resources to education, and within education to the primary sub-sector, some questions regarding the nature of the expenditures included in that allocation need to be addressed. Education expenditure in Ethiopia, and especially for primary schooling, has been chronically plagued by inadequate levels of non-salary resources. Ministry of Education figures from 1991/92 show 93 percent of the general education budget going to salaries. In the case of primary education recurrent expenditure, over 98 percent of the budget is consumed by salaries.¹³ Unit expenditure on primary education has gone up from 91 Birr per student in 1988/89 to 128 Birr in 1992/93, primarily because of drops in enrollment and with no appreciable improvement in quality.

In 1993/94, budgeted allocations for primary education in unit non-salary terms equal roughly 9.9 Birr per student. This figure includes allocations for purchase from EMPDA of textbooks in regional languages. However, production of books in 1993/94 has not met regional demand and a huge backlog of orders is piling up. Aside from textbooks it is unclear what expenditures are included in the non-salary budget for primary education. Indeed, the fact remains that despite the large increase in the sectoral budget, few schools in Ethiopia received any non-salary resources from the sectoral budget during the past school year. It is also confounding that while resources for administration of the education sector increased considerably in 1993/94, decentralized

¹³ World Bank, *Ethiopia: Education Sector Public Expenditure Review, 1993*, pg. 8.

education offices at the lowest levels (woredas and zones) received operational budgets far below what would assure minimum functioning and delivery of services.

C.4 Financial Simulation

In order to begin to gain a sense of the relative magnitude of the financial resources that will be required to implement and sustain the TGE's Education and Training Policy, its regionalization policy and the BESO objectives in the education sector, a limited financial simulation model was developed.

Several key assumptions underlie this financial analysis. Although it is difficult to anticipate the form, pace and the magnitude of the implementation of TGE policy, it is clear that over the life of the BESO the education system will be expanding at all levels (particularly at the primary level) and that strong efforts must be made to develop and sustain a minimum quality standard in schools and classrooms. An equally strong commitment must be made by the TGE to fund these priorities and also to develop some balance and rationale for dealing with what are at times competing objectives. In particular, the capital and recurrent budgets must be developed in coordination with each other so as not to dilute or negate their potential impact on improvements in the sector. This BESO financial analysis represents an attempt to balance the objectives of quality and expansion in the Ethiopian education system.

Key Assumptions

The model's projected growth in the recurrent and capital budget is linked directly to the growth in student enrollment. The model projects that with some improvements in demand and efficiency, gross primary enrollment rates will grow from 19.3% to 24.6%, or from 2.4 to 3.8 million students, over the life of BESO. Embedded in this increased enrollment is a 8.8% improvement in drop-out and repetition and a 8.8% increase in the entry rate of students from 1994 to 2001. Based on this anticipated growth, recurrent and capital resource requirements (in the form of teachers and their salaries and training, textbooks, schools, equipment and furniture, etc.) have been projected for the sector. The baseline unit costs for these resource requirements have been derived from the education sector budget allocations during 1994/95. In order to meet BESO's primary objective of improved quality, certain quality improvement ratios have been modelled into the projections.

On the recurrent side, an increase in enrollment implies that more textbooks and more teachers will be required. It is assumed that over the life of BESO 6.7 million textbooks will be produced and distributed to children in all 11 regions. Implicit in this assumption, is an improvement in the national student:book ratio from 4:1 to 2.5:1. In addition, the teaching force will increase from 63,835 in 1994 to 101,928 in 2001, and experience a more rational deployment and better distribution of students and teachers throughout the system. This is captured in the student-teacher ratio which climbs from 29:1 (with extreme variation) in 1994 to 33:1 (with more even distribution) in 2001. Furthermore, it is assumed that to meet this demand for quality teachers, 56,259 trainees will be enrolled in pre-service teacher training programs and 54,929 teachers will be enrolled in in-service teacher training programs over the life of BESO, and that the TTIs will increase their per pupil expenditures by 15% in 1995 and an additional 15% in 1996. In terms of recurrent administrative costs, the model reflects the impact of regionalization with scaled back central administration and increased

regional administration costs. It is assumed that in 1995-96, 50% of the regions will be fully staffed according to MOE-stipulated staffing norms and that the administrative costs will grow in relation to the growth in schools, presumably in order to serve them better. In terms of other educational services, it is assumed that the parastatals ICDR, EMMA and EMPDA will continue to provide services although some of their responsibilities will be shifted to the regional levels. However, it is expected that over time these organizations will become more efficient and cost-effective as competition to provide services develops in the sector.

The analysis also assumes that the government will maintain its current policies on school-level income, in particular, those concerning school registration fees. Although these student fees typically range from 3-10 Birr per student, they currently represent a significant portion of school operating budgets. A national level policy abolishing these fees (such as the one currently being discussed by the TGE), could potentially result in an additional government obligation of as high as 24.3 million Birr per year by 1997.¹⁴ Relative to the overall budget for education, this increase does not seem like a substantial amount of funding, however, it does represent an additional burden to what is already an overstretched budget.

On the capital side, in addition to increased enrollments, the planned shift in grade structure from 6+2+4 to 8+2+2 in 1995-96 will create a tremendous strain on the system. In 1995 alone, it is estimated that 3433 primary schools will be built and 1,258 (15% of the existing stock) grade 1-6 schools will be upgraded to grade 1-8 schools. With this upgrade, it is assumed that the student-school ratio will improve from 234:1 for grade 1-6 schools to 335:1 for grade 1-8 schools (400:1 in 1995 gradually improving to 335:1 by 2001). In addition, it is implied that there will be a noticeable improvement in quality of facilities such as libraries, latrines, etc. as reflected by a 33% construction cost increase. Given these assumptions, it is expected that over the life of BESO, 9,915 schools will be required to meet the capacity demands of the increased student population. Over this period, the model calculates that in addition to upgrading most of the existing stock of primary schools (7,578), an additional 2,367 new grade 1-8 schools will be constructed. Underlying these school construction requirements is an assumption that the current percentage of students enrolled in government primary schools remains constant at about 88.3%. An improvement in the mix of public:private schools could alleviate some of the school construction burden that is currently on the government. In addition, it is assumed that the existing stock (874) of junior secondary schools for grade 7-8 will be upgraded to general secondary for grade 9-10. Although steady growth is assumed for higher education and vocational/technical training centers, government plans for these two areas represent large unknowns and, depending on the political climate, capital costs for these sub-sectors could potentially skyrocket. Finally, it is estimated that over the life of the BESO, seven new TTIs will be constructed for those regions which currently do not have TTIs in order to meet the increased teacher requirements both from enrollments and regionalization.

Future Sector Financing Implications

Given the costs associated with providing access to education for the increasing

¹⁴ Based on 2.5 million students and average school income from all sources of roughly 9.62 Birr per student (USAID, *Educational Demand in Rural Ethiopia*, (draft) 1994).

population of school-aged children in Ethiopia, with supporting the priorities of the Education and Training Policy and the regionalization policy, and with remedying the sector's tendency to neglect quality-related inputs, it is obvious that tremendous resources will need to be committed to the education sector in order to ensure that the priorities of quality and expansion develop according to a balanced approach.

Projecting sectoral requirements to the year 2001 reveals that the education budget will need to increase in real terms by over 700 million Birr from its current level. Details of the projected sectoral budget are presented in Annex C. This implies that the education budget as a percentage of the total government budget would grow to 17.4% while the total government budget as a percentage of the country's GDP would also be required to grow from 40.7% in 1995 to 45.0% in 2001. Within the education sector, the total primary budget as a percentage of the total education budget is estimated to need to increase from 47%, or 614 million Birr, to 59%, or 1.2 billion Birr, from 1995 to 2001. The recurrent primary budget as a percentage of total recurrent budget is projected to increase to 63% in 2001 as the non-salary portion of the recurrent primary budget is also expected to grow to 14.1%. The per unit non-salary recurrent primary expenditure shows a more than threefold real increase from 9.9 Birr to 34.8 Birr from 1994 to 2001.

**TABLE 3: Estimation of Sectoral Resource and Financing Requirements
(Millions of Constant Birr)**

Projected Resource Requirements	1993/94	1995/95	1996/97	2000/01
Total Primary Enrollment (in millions)	1.80	2.48	2.86	3.84
% GER	19.5%	19.3%	20.7%	24.6%
Primary Schools	7,673	8,011	8,820	10,046
Primary Teachers	63,835	750,753	82,335	101,928
Primary Textbooks	449,138	546,557	716,580	1,370,337

Projected Financial Requirements	1993/94	1995/95	1996/97	2000/01
Total Education Budget	1,102.6	1,296.9	1,555.0	1,998.9
Recurrent Education Budget	785.7	885.3	1,032.8	1,326.8
Capital Education Budget	316.9	411.6	520.2	672.2
Recurrent Primary as % of Recurrent Education	54%	55%	58%	59%
Non-Salary as % of Recurrent Primary	4.2%	8.2%	9.6%	14.1%
Unit Recurrent Non-Salary Primary Expenditure	9.9	21.5	24.5	34.8

It becomes evident from this analysis that, although the education budget has increased as a percentage of total government allocation over the past three years, the sector will continue to need significant additional amounts of financing in order to meet these enormous projected resource requirements. Additional resources will need to be allocated in future years from within the TGE budget, as reflected by the projected changes in the percent allocations to education, and within education to primary. External support will also play a role in helping to ensure that adequate levels of financing are being committed to basic education. Progressive growth of the education

budget, and in particular of the non-salary recurrent allocation for quality enhancing inputs and services, will be necessary to ensure that the TGE can meet its sectoral objectives of both improved quality and expanded access.

Given the stark financial realities facing the education sector in the years to come, it is imperative that the TGE, in addition to increasing its own allocations to education, look to develop alternative sources of financing for the sector. Potential areas for relieving part of the cost burden associated with the reform of basic education include increased private schooling and cost recovery of higher levels of education (TGE objectives that have already been articulated in the TGE Education and Training Policy). Increasing the demand for primary education served by private primary schools to 20% (from its current level of 11.3%) could result in a savings of several hundred million Birr over the seven-year period. The implementation of an appropriate cost recovery program for higher education could relieve some of the cost burden for the overall sector. For example, a program that would recoup 50% of recurrent costs at the level of higher education could result in a savings of 368.3 million Birr in the period from 1995 to 2001. Savings of this magnitude would significantly help to alleviate some of the anticipated pressure on the sector.

Meeting the future resource requirements of the education sector will be a formidable challenge. However, with coordinated efforts by the TGE and the donor community to increase sectoral financing and with strong commitment to a more rational and efficient sectoral planning and financing, it is a challenge that can be met.

D. Other Donor Assistance

D.1 Donor Activities and Investment Levels

Several multilateral and bilateral donor agencies, as well as a number of NGOs and PVOs, are currently active in the education sector in Ethiopia. As illustrated by Table 4 below, donor activity has been and continues to be focussed primarily on equipment and construction for primary and secondary education. The World Bank and African Development Bank are the largest financiers of infrastructure projects. Donors are also involved in numerous projects relating to curriculum development, teacher training, non-formal education, etc. However, most of these donor activities are limited in terms of their scope and the amount of resources they contribute to a specific intervention. Furthermore, since there has been minimal coordination between donors on developing and implementing these projects, very little synergies have been realized from potentially complementary interventions that have been implemented by different donors. Considering the isolated nature and the relative sizes of these projects within the context of Ethiopia, gives cause to question whether these projects are really producing any tangible impact in the sector.

Table 4: Matrix of Donor Interventions

DONOR	Higher Education		Vocational Education		Secondary Education		Primary Education		Non-Formal Education		ENPDA	
	Trng;	Equip	Const Equip	TT; Curr.	Const Equip	TT; Curr.	Const Equip	TT; Curr.	Media	Adult Trng	Supp.	TA
IDA			XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX				
ADB			XXXXX		XXXXX	XXXXX	XXXXX		XXXXX			
UNDP												
UNICEF								XXXXX		XXXXX	XXXXX	
GTZ	XXXXX	XXXXX		XXXXX				XXXXX				
ODA	XXXXX						XXXXX	XXXXX				XXXXX
SIDA							XXXXX	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
FINIDA				XXXXX						XXXXX	XXXXX	
OPEC							XXXXX			XXXXX		
EEC	XXXXX	XXXXX					XXXXX					
ERRP IDA USAID EEC							XXXXX XXXXX		XXXXX XXXXX		XXXXX XXXXX	
NGOs			XXXXX				XXXXX			XXXXX		

The USAID Ethiopia Education Sector Review reports that donors are currently funding 13 major projects in the education sector by donors with total life of project funding of US\$266 million. The Table 5 summarizes the government's public investment program for education for 1992-93. During that year, a total of 160.9 million Birr (approximately US\$27.2 million) was programmed, out of which external assistance accounted for 129.0 million Birr (roughly equivalent to US\$21.8 million), or approximately 80 percent of the total.

Table 5: Education Investment Program, 1992/93 (Millions of Birr)

LEVEL	Domestic Financing	External Financing	TOTAL
Primary	2.4	19.6	22.0
Secondary	9.5	26.0	35.5
Tertiary	10.4	13.2	23.6
Teacher Trng.	2.2	9.9	12.1
Other	7.4	38.7	46.1
ERRP	--	21.6	21.6
TOTAL	31.9	129.0	160.9

Source: World Bank, Education Sector Public Expenditure Review, 1993.

The 1993/94 investment program shows an increase of about 97 percent in funding for the education sector with most of this increase coming from domestic sources. Even

so, approximately 54 percent of 1993/94 funding was still coming from external sources. Note that Table 6 disaggregates investment allocations for 1993/94 between central and regional expenditures.

Table 6: Investment Financing for Education, 1993/94 (Millions of Birr)

Level		Domestic Financing	External Financing	TOTAL
General	TOTAL	124.7	153.1	277.8
Education	Center	27.5	16.7	44.2
	Regions	97.2	136.4	233.6
Higher	TOTAL	20.1	18.9	39.0
Education	Center	20.1	18.9	39.0
	Regions	--	--	--
TOTAL		144.8	172.0	316.8

Source: World Bank, Education Sector Public Expenditure Review, 1993.

D.2 Donor Assistance Issues

Given the magnitude of need in the education sector, substantial external assistance will be required for several years in order to improve the quality and equity of, and to expand education in Ethiopia. In addition to the USAID BESO Program, two other significant programs in the education sector are currently being planned by UNICEF and the World Bank -- the combination of these should help to alleviate some of the demands that will be placed on sector. However, there are some important issues to consider regarding the capacity of the sector to manage and absorb donor support.

Coordination: Since there is wide recognition of the need to strengthen Ethiopia's human resource base, many donors are prepared to support the sector. Thus, the MOE will be called on to play an important role in coordinating many donor funded programs and projects. This coordination consists of two facets. The first concerns the aligning of donor efforts with government sectoral policy. This will require that the MOE and the regions have clearly defined policies and priorities and that a single mechanism or entity for coordination of donor assistance be identified. The second concerns coordination of various donor initiatives to ensure complementarity. A donors group exists under UNICEF leadership to assist the TGE and donor community alike in both of these areas. USAID is an active participant in this group. Furthermore, an education NGO network has recently formed and may in the future be able to assist in donor coordination efforts (Annex E: Institutional Analysis).

Absorptive Capacity: The MOE's capacity to utilize externally provided assistance will in part be a function of its ability to coordinate efforts as mentioned above. In addition, and more importantly, the education sector's absorptive capacity will depend on the quality and thoroughness of sectoral policy definition, information management, and planning and budgeting systems. The success and pace of development of those

Institutional capacities required to administer and manage the sector will determine how well the MOE and its regional affiliates can manage resources in general, be they government generated or externally provided.

III. PROGRAM DESCRIPTION

A. Overall Program Strategy

Ethiopia's basic education system cries out for improvement. The system is not serving the country's future generation in terms of quality, quantity and equity. Only about 22% of the age cohort is enrolled in primary schools, with many of these students denied adequate quality instruction. Vast numbers of the rural population and females lack opportunity for schooling. Radical education reform is vital. Economic development in Ethiopia cannot be sustained without a much broader and stronger human resource base. Developing Ethiopia's human resources will take many years. Improvements in primary schooling, the focus of USAID/Ethiopia's assistance, will lay the foundation for human capital development and, in the long run, have high economic and social pay-offs.

As mentioned above, many constraints exist to achieving meaningful and sustainable improvements in primary schooling. For example, the curriculum needs reform, texts need improvement, instructional radio needs to be made more inter-active. Several donors, e.g., SIDA, UNICEF, UNFPA, World Bank, and British Council are and have been assisting MOE in many of these areas. Despite such important needs and efforts, 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, and for the next several years, Ethiopia's major challenge in the primary education sector will be to create a system which provides quality instruction on a significantly larger, more equitable and sustainable basis.

This challenge is made more complex due to the recently started decentralization of the system, whereby regions are becoming increasingly responsible for the delivery of educational services to their constituents. In this major education system overhaul many problems are already evident, especially the severe lack of institutional, human and financial resources required at the regional and sub-regional levels. Moreover, many problems related to the new mother-tongue language of instruction policy have surfaced. In addition to regionalization, financing and language issues, attention must be given to planning and management, and to developing the capacity to analyze information and make informed policy decisions. How rationally and effectively each of these issues is handled by the center and regions will determine the strength of Ethiopia's basic education sector for decades to come.

USAID/Ethiopia's overall education sector concerns are succinctly expressed in its strategic objective: "*Quality and equity of primary education improved in an expanded system.*" Achievement of this objective is buttressed by 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 cope with

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 program is called "BESO": Basic Education System Overhaul. The name implies precisely what the program intends to accomplish -- a major overhaul of the primary system. Narrowly focused, technical fixes are not enough to bring about needed changes. Policy, institutional and even attitudinal reforms are essential if primary education's downward spiral is to be reversed. The system needs to be nourished to health with locally administered doses of life-giving sustenance of nationally recognized value. BESO (in Amharic) metaphorically represents this. *Beso* is a nutritious barley gruel eaten widely in the country; it is especially beneficial for children's health and growth, and takes various forms according to local ingredients and customs.

The fundamental principles of the approach employed in the BESO program are that for the needed sectoral reforms to be successful they must be shared, systemic, systematic and sustainable. BESO will dedicate its implementation strategy around these principles. Commitment to the reforms must be widely shared by the parties affected for them to work. These include the relevant TGE ministries, regional and lower level administrations and education offices, teacher training institutions, schools and communities. The changes must occur both systemically and in a systematic way, i.e., throughout and within established (or reformed) sectoral units and procedures.

Conceptually and strategically, the program will work both from top down and bottom up -- using a systems approach. The program will work at and affect four levels of the system: national, regional-zonal-*woreda* (district), Teacher Training Institute (TTI) and school. Importantly, the starting point for configuring USAID assistance will be the region, with a principal focus on its changing role in managing an improved primary system. Simultaneously, and within limited geographic areas, a "grass roots" approach will be taken to promote school-level innovations through a variety of projectized interventions. Successful and sustainable improvements at the school level will be showcased to inform and redirect efforts at higher levels of the system.

At the national level, major issues exist around sector financing, planning, administration and evaluation which will need to be addressed, particularly those dealing with center-region relationships, and with the responsibilities and roles of national educational services institutions (ICDR, EMMA, EMPDA, PPD). The issues and needs concerning the financing of the sector and the redirecting of human and institutional resources will be substantial. The TGE, particularly the MOF and MOE, will have to overcome many difficulties through unwavering commitment.

Commitment to reform at the top will not be enough, however; the regions will also need to persevere under resource constraints and competing priorities to meet

challenges of the sector, especially those which pit system expansion against quality and equity improvements. Under decentralized authorities there will be needs specific to individual regions and the structures under them which will require sustained dedication to educational reform. Each budget cycle will present different opportunities and obstacles for advancing sectoral objectives. For several years to come, regions will need assistance of many sorts to plan for and manage their education programs. The regions will also be required to provide assistance to the zones and woredas under them to support their roles in the decentralized system.

BESO resources will not be adequate to assist all regions equally in these efforts. The program will only be able to concentrate resources on two regions in order to affect the many needs and levels of the system. Tigray region in the north and Southern Ethiopia Peoples Region in the south have been selected for these more geographically concentrated efforts. They were chosen based on their demonstration of commitment, capacity and ability to meet sector objectives. Project funded assistance will be available where this will enhance the regions' abilities to be effective, without compromising BESO sustainability and system-building objectives. While project resources to further regional capacity and system building will be concentrated on two the regions only, BESO will explicitly aim to multiply regional gains and lessons to the other regions of the country.

Since teacher preparation is so central to the quality of instruction and learning, TTI improvements will require particular program emphasis. Project attention will be directed primarily to the three TTIs (Awassa, Arba Minch and Adwa) in the two regions in order to maintain the systems approach to achieving the program's objectives. However, efforts to demonstrate TTI organizational and program improvements on a wider basis will be undertaken.

All of the above described efforts are of no value unless they lead to improved school-level quality and equity. Therefore, the BESO program will focus attention on effective school-level changes, concentrating particularly on issues of school management (for quality and equity improvements) and community involvement. It is of vital importance that schools and communities sense that they have power to make changes, that they feel a sense of ownership, and that they both be allowed and motivated to take charge of the success of their schools. There are several instances of this already happening under the decentralized authorities. As the pace of "grass roots" innovation picks up, local successes will be showcased to others.

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. In addition, BESO will provide some direct assistance to schools channeled through agreements with local partners (local and international NGOs, community-based organizations and local education administrations). Precise specification of that assistance will not be known until work begins with the schools, for this assistance must be based upon locally assessed conditions and determined needs. Participation of community and school leaders will be essential, for it is they who will lead this approach.

Finally, strong efforts will be made to improve gender equity at all levels of the system. Resources will be made available to support programs to increase the access and success of girls in school, female teachers, female TTI instructors and trainees, and

female school directors.

B. Goal and Purpose

The overall goal of the Basic Education System Overhaul Program 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. A manifestation of achievement of the goal will be an increase in the mean years of schooling of the labor force, which in 1990 was estimated (in the *1992 UNDP Human Development Report*) to be 1.1 years (or 31% below the sub-Saharan average of 1.6 years). 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 purpose 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.

Presenting an added complication but also a sizable opportunity to Ethiopia in its system improvement efforts is the decentralized structure that is being developed to push significant decision-making authority to lower administrative levels. 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. On the other hand, under decentralization, regions and the structures under them will be free to pursue various improvement strategies which make the most sense for their conditions.

Under the program purpose of improving quality and equity of primary education in an expanding system, USAID/Ethiopia's BESO Program and Project will combine non-project and project assistance to address some of the financial and institutional issues described above. Non-project assistance will play a significant role in both alleviating resource constraints associated with the TGE's program of education reform and in helping to bring about important policy and institutional changes. Project assistance will provide some of the necessary support (in the form of training, technical assistance, commodities/equipment and logistical/operational support) required to facilitate the implementation of those changes.

To achieve its purpose, therefore, BESO will (1) assist the national system in framing and analyzing the policies and procedures which will guide regions toward an expanded system characterized by improved levels of quality and equity; (2) assist selected regions in building their capacities to undertake rational system expansion policies and programs; and, (3) assist national, regional and school institutions in delivering services which support these objectives.

To accomplish this delicate access-quality-equity balance at so many levels will not be easy. It will require widespread commitment, significant infusions of resources and recognition that the path to purposeful attainment will not be smooth nor trouble-free. But the need for improvement is so compelling, that even with these recognized complications and risks, BESO must back up the TGE's commitment to take on the difficult challenge. Successful attainment of BESO's 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.

C. Supporting Objectives

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

1) Improved quality and equity of the primary school environment

Using school-based initiatives, and local partners (NGOs/CBOs/WEOs) as mediating agents, efforts will improve the role of directors, school-community relations, local initiatives and in-service support for teachers.

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

Program assistance will enhance organizational efficiencies, management and operations, relationships with regions, monitoring and evaluation of service and product cost and pedagogical effectiveness of ICDR, EMPDA and EMMA, and opportunities for the private sector to provide key services and inputs.

3) Improved quality of pre-service teacher training

The aim is to improve student intake, curriculum, instruction, organization, and management at the TTIs and to introduce a meaningful system of teacher certification.

4) Improved decentralized management of primary education

Assistance efforts will focus on improving data collection and analysis, planning, budgeting, financial management at the MOE, and selected REBs, ZEOs, WEOs.

5) Increased and more rational and efficient sectoral financing

Attention will be applied to increasing budget levels, unit non-salary expenditures, private schooling, cost recovery, and efficiency (specifically through improvements in teacher and other staff deployment and wastage reduction).

The detailed sub-objectives associated with each supporting objective are presented in the following section. BESO interventions in support of policy and institutional reforms, as well as BESO project-supported activities, are also discussed.

C.1 Supporting Objective 1: Improved quality and equity of primary school environment

The BESO program's central programmatic principle is that any intervention must be designed from the vantage point of the school. Too many supply-side, top-down efforts at improving schools have been tried with little noticeable effect. In conjunction with the TGE, BESO would support efforts designed to strengthen the school-community nexus, to empower school directors and teachers and to nurture an environment for innovation and reflection at the school level. BESO will explore the possibility of working with NGOs, WEOs and other local partners to further these objectives, and of building their capacity to provide assistance in the future. Support from the central and regional levels of the education system will be essential. In particular, the policy and regulatory framework must favor the objectives of school-led change. Zonal and woreda education offices, school governance boards, and elected councils, must also be supportive. Institutions, such as the TTIs and mass media/pedagogical centers should also be part of the support system, for these have potentially important roles in providing training and other continuing support, particularly for school directors and teachers.

The BESO approach to supporting school-based initiatives to improve the quality of primary education integrates three areas of activity: 1) incentive grants to *stimulate parental and community involvement* in qualitative improvement of schools, 2) *school leadership development* to enable and sustain positive changes, and 3) *teacher motivation* to remove a key constraint to classroom level improvements.

The matter of equity is addressed through: 1) *sensitization* to raise awareness of the importance of including girls as beneficiaries, providers, and leaders in education; 2) *policy and practice analysis* to identify systemic equity barriers; 3) *action planning* to operationalize tactics aimed at increasing access and sustaining success of girls; and, 4) financing school-level interventions through the community/school incentive grants activity.

To accomplish these ends, the BESO program will work to strengthen the capacity of the education system, schools, and NGOs or other local partners with an established service presence in Tigray and SEPR.

Sub-Objective 1.1

Stimulate parental and community involvement in primary school improvements and provide resources directly to schools and communities to develop and implement strategies to improve the school environment

This BESO component concentrates resources on leveraging and sustaining school-level improvements in the quality and equity of basic education. BESO recognizes that communities and parents already play a significant role in planning and financing school operating expenses. The BESO program will build on this relationship by strengthening the capacity of NGOs, WEOs and other local partners to provide technical assistance and logistical support to schools and communities interested in improving the quality and equity of basic education.

Implementing and sustaining school-based quality improvements, requires that schools/communities must have a shared vision or understanding of what they want to do, an inclusive process in place for planning and revising plans, resources for implementing plans, management capacity to keep the process moving, and an enabling legal and policy climate that supports community involvement in qualitative improvement. To support a process for achieving this, the BESO program will provide: guidelines and technical assistance for strategic planning; seed money to begin resourcing improvements; training to improve school level management capacity; logistical support for education sector policy review and reform.

An international PVO will be competitively selected to identify NGOs and other local partners and provide technical assistance, training, and logistical support to build their institutional, organizational and technical capacity to the point where the local partners will be able to assist communities/schools do strategic planning; help communities develop proposals for project assistance; participate in selecting projects that meet USAID criteria for receiving incentive grants; assist communities in implementing the terms of grant agreements; manage and administer the granting and financial accountability procedures to USAID standards; evaluate and report on results of planning and granting efforts; and disseminate lessons learned.

Government education offices will also be called upon to play a critical role in fostering school/community involvement. Central and regional level education bureaus will research policies and participate in a dialogue to clarify the legal and policy framework pertinent to supporting school-based quality improvement initiatives. Zones and woredas will describe quality improvements, undertake social marketing campaigns to support improved school/community relations, and disseminate lessons learned from school/community planning exercises. Woredas will also be provided opportunities for directly supporting community-led school improvement efforts.

Reform Objectives

Establishment of a legal framework for school governance and improvement: 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. BESO, through the Prime Institutional Contractor, will support analysis of options and codification of a policy establishing legal guidelines for school governance. The effective use of resources at the school-level will depend on the existence of a sound legal framework for school management and local financing. The establishment of such a framework will be a condition linked to BESO budgetary assistance.

Improve the capacity of schools and communities to raise and retain revenue: The TGE Education and Training Policy envisages the creation of the necessary conditions for educational institutions to generate their own income and to use that revenue to strengthen the education process. To realize this objective, policymakers need to make explicit 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. 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. BESO, through the Prime Institutional Contractor, will support the development of policy guidelines in this area and could provide technical assistance as needed to help analyze and understand the trade-offs associated with

different approaches to school-based financing.

Project Objectives

Development of school strategic plans: The key to success of the envisaged education system overhaul is that it change parents' attitudes towards school and give them more information about how they can participate in the schooling of their children. TGE policy intends to pursue greater autonomy for all educational institutions in their internal administration and in designing and implementing programs in coordination with democratic leadership -- boards or committees consisting of members of the community, teachers, students, etc. The international PVO grantee, and other strong indigenous NGOs, will provide technical support as needed, through local partners to a substantial proportion of schools in the Tigray and SEPR regions to help guide communities through an inclusive strategic planning process that brings stakeholders together to re-examine the mission, objectives, resources, methods, or content of the school program in the context of its community. The international PVO grantee, and other strong indigenous NGOs will provide modest (up to \$500) financial assistance to the school governance board of every targeted school/community that successfully submits an initial strategic plan for improving school quality. Gender and equity sensitization issues will be highlighted during the strategic planning process. BESO's local partners will also provide communities with feedback on their initial strategic plans. They will offer additional technical assistance to schools interested in going through a second, more detailed planning cycle. Communities that successfully submit a second level strategic plan for improving school quality will receive a second, larger (up to \$1000) assistance grant to the school governance board. The purpose of this lump sum assistance will be to provide seed money to the community to implement part of its plan.

Provide incentive grants to schools: A sub-set of the strategic plans described above may serve as a basis for identifying resource needs at the school-level. Communities whose plans include viable proposals for modest BESO assistance will be encouraged to submit their plans and proposals to a BESO incentive grant review committee for consideration. Grants will be in the \$5,000 range and over the life of the project up to one-third of those schools which received previous BESO assistance will receive grants to put their proposals into action. Local partners will build on relationships developed during the strategic planning process. The NGOs or other local partners will continue to provide grantees with technical assistance and training to help them carry out their projects and meet the terms of their grant agreements. At least 20% of the school grants will be awarded to communities/schools to implement activities aimed at increasing the access and success of girls.

Assess Interest and Build the Capacity of Local Partners: Ethiopia's growing NGO community is beginning to take an interest in providing services in the education sector. Local NGOs provide BESO with the potential for sustaining program efforts implemented outside of but in collaboration with government channels. Identifying potential local NGO partners, building their organizational, institutional and technical capabilities through staff development, training, and logistical support is a clear objective of the BESO program. To implement activities associated with this objective, BESO will work through an international PVO partner and other strong indigenous NGOs with experience in working with local partners (especially NGOs) and with managing BESO grants.

Facilitate the coordination and dissemination of lessons learned at the school level: One role of the education system is to enable, coordinate and disseminate lessons learned from stimulating parental and community involvement in qualitative school improvements. At the local levels, the BESO Prime Institutional Contractor will provide zone and/or woreda education offices with training in understanding and evaluating school-based quality and equity improvements. Local education officers will visit grantees to discuss their progress and describe the impact of projects on the quality of education. In addition, the education offices will analyze and report on their findings.

The BESO Prime Institutional Contractor will also provide logistical support to produce a series of broadcasts about the quality improvement efforts in different areas. The local education officer will be responsible for participating in initiating activities to inform communities/schools about the strategic planning and incentive grants program.

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 directors are appointed based mainly on longevity, connections, or ethnicity. Training for them occurs during six-week crash programs run at TTIs during school breaks. Once so trained, the directors are on their own, with little or no additional professional upgrading or support for the rest of their tenure. The assignment and transfer of directors appears to be capricious and can happen any time throughout the school year. The system does not provide extra salary for directors, but some benefits (e.g., housing, status) may exist.

The school director 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 achieving this have not yet been developed.

The thrust of policy reform under this component will be to create a framework that enables school directors to carry out the leadership responsibilities required of them in a professional manner.

BESO will support, through the Prime Institutional Contractor, the formation of a system that will provide school directors with a continuous source of practical ideas about ways in which they can become better managers of better schools. This system will establish an on-going professional development and support network to enable school leaders to put those ideas into practice. It will encourage directors, vice-directors and school governance body leaders to collaborate as members of site-based management teams. At higher levels, the system will stimulate policy dialogue and facilitate the creation of procedures that strengthen school-based leadership.

Project activities will support improvements in the quality of school effectiveness by improving the nature and quality of leadership and management through: i) establishing

a system in which professional support and development of school leadership is conceived as an on-going, coherent and integrated process; ii) employing a change model for school leadership that values incremental and continuous improvement, and iii) understanding that school directors have two sets of responsibilities, as chief executive and as lead professional and, therefore, leadership training and development must build competencies in both areas of responsibility.

Reform Objectives

Establish terms and conditions of school director selection, recruitment and service:

National and regional policies need to be examined and modified regarding criteria and procedures for school director recruitment, evaluation, retention, remuneration and promotion. The first step in this process is the definition of a school director profile. Directors need to operate under a set of policy and procedural directives which encourage leadership and innovation. The BESO program will advocate reforms targeted towards improving the selection, recruitment and terms of service for school directors.

Reform policies that mitigate against women assuming leadership positions: The BESO program will support constraints analysis and policy research aimed at identifying conditions, policies and procedures that mitigate against women assuming leadership positions. Furthermore, the BESO program will advocate for reforms that alleviate some of the constraints on women's advancement in the education system.

Project Objectives

Development of continuous, field-based in-service training for school leaders:

Appropriate training programs and materials to support the empowerment of school directors are lacking. Training for school leadership will be developed under this sub-objective as an on-going, in-service activity. To deliver this training, the program will intersperse formal short-term residential training (up to two weeks) held at the woreda or zone level one to three times a year with on-going self-study, distance, and small peer-group activity. The content will address both administrative and instructional leadership issues. This in-service training will not replace existing school director certification or training programs but will build upon existing knowledge to supplement, complement and extend present training to reach a wider audience of practicing school directors, vice-directors, inspector/supervisors and school governance body leaders. A BESO management training advisor will organize inclusive and participatory processes to develop goals, training materials and in-service delivery system for school leadership teams (directors, vice-directors, inspector/ supervisors and school committee leaders) in several woredas.

Development of local peer support networks: A supportive environment will be essential for enabling school leaders to implement and sustain incremental improvements in management practice. During short-term residential training courses held at the woreda level, school directors will be organized into school clusters based on geographic proximity. Directors will be encouraged to set regular bi-monthly or monthly cluster meetings to continue training activities in small study groups, share experiences, encourage peer learning and professional development. Woreda-level school inspector/supervisors will participate in those meetings whenever possible. The BESO management training advisor will organize a process whereby local peer support

networks are established. These woredas will be the same as those participating in the School Leadership Development In-Service Training activity described above.

Development of site-based management teams: The BESO program encourages a collaborative and inclusive approach to improving the quality of schools through improving school management. Through the Prime Institutional Contractor, the program will directly support the development of site-based management teams through the inclusion of modules on leadership teams and site-based management in the Ethiopian school contexts within the in-service school director training component. In addition to encouraging team-based approaches to routine school management, the BESO Prime Institutional Contractor will support specific team management activities such as a self-study to identify school factors or practices that exclude entrance and persistence of girls. In addition, BESO-provided technical assistance, through the Prime Institutional Contractor, will organize a process for developing curricula and materials and delivering training to woreda education staff (and appropriate zonal and regional-level education staff) on how to support, monitor and assess site-based management teams.

Sub-objective 1.3

Improve teacher motivation

Poor 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. Interviews with school directors, teachers and community members in the SEPR and Tigray regions as well as the information presented in the Teacher Motivation and Incentives Study identify conditions of service (especially low salary and inadequate housing) as the key factor explaining low teacher motivation. An interest in additional training was expressed as a second-tier factor.

The BESO program's approach to improving teacher motivation includes support to TGE's on-going efforts to: i) improve the terms and conditions of teachers' service, ii) enhance the role of the teacher as reflective practitioner within the school environment, and iii) improve the support services delivered to teachers in schools.

Reform Objectives

Revised and improved terms and conditions of teacher service: 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 details are lacking as are the operational plans for achieving this objective. Current MOE thinking and planning for improving primary teachers' terms-of-service and professionalization needs to be analyzed carefully within the context of effectiveness and feasibility prior to being implemented. The plan for in-service teacher training also needs to be analyzed, particularly in light of the new language policy and emphasis under the new education policy on locally specific

curricula. Without meaningful and sustained improvement in teachers' salaries and other conditions of service there is little likelihood that other components will have much positive impact. The BESO program will assist the TGE to examine its policies regarding terms and conditions of service and develop a career ladder for teachers in keeping with those of other civil servants. Provision of budgetary support will be contingent on the adoption of a career structure encouraging and rewarding quality teaching.

Project Objectives

Enhance the role of teachers within the school environment: Under the school leadership development sub-objective described above, BESO, through the Prime Institutional Contractor, will support the reformulation of the school environment to incorporate a more supportive school-director role and a team-based approach to school management. School director training aimed at improving directors' capacity as lead professionals in their schools will include modules designed to improve the support and training school directors can provide to their teachers.

Improve teacher support services: Teachers are given very little institutional support for their professional growth. Pedagogical centers were intended to provide some assistance in this regard, but they are barely functioning. School Inspectors were originally meant to deliver on-site advice to teachers, but over the 17-year Derg era they became forces for monitoring regulatory compliance and imposing ideology directives. There is recognition that the behavior and attitudes of the inspectors must change, probably through re-training, but overcoming the widely held negative views of them will take a long time and significant demonstrations of role reversal. BESO support to improved decentralized administration and management (Supporting Objective 4) includes assistance to help improve the capacity of WEO to deliver support services to schools. Under this sub-objective, BESO, through the Prime Institutional Contractor, will also advocate and provide assistance for redefining the roles of and retraining WEO or ZEO-based inspectors so that they are better able to support teachers.

Sub-Objective 1.4

Increase access and success of girls

In general, female enrollment, persistence and performance in primary schools throughout Ethiopia is lower than boys. According to the Background for BESO Social and Gender Analysis, "with a national average female participation rate in primary school of 41%, girls do not at first glance appear to be discriminated against." The analysis, however, goes on to point out that there is considerable inter and intra-regional variation in girls' participation (e.g., girls' urban enrollment rates tend to be higher than rural, and participation rates in general are lower in SEPR than in Tigray). Performance indicators such as drop out and retention rates also display considerable variation. The Demand Study and Social and Gender Analysis point out that parents cite both demand and supply reasons for withdrawing (or not enrolling) their daughters in school. The mix of reasons for low demand are tied to economic and cultural constraints as well as to poor school access and quality.

This variability indicates that a unitary approach to enabling the success of girls is not appropriate. Rather, each community, school, woreda, zone and region needs to reflect upon its local situation and determine locally appropriate approaches for sustaining equity. The BESO program's approach combines policy reforms aimed at removing barriers to female participation and success in education, local research into school and non-school reasons for low female GERs, and sensitization and action-planning workshops at the national, regional, zonal, woreda and school levels.

Reform Objectives

Establish minimum equity standards: The TGE has expressed its willingness to dedicate resources to improving equity in participation in education. To help concretize that objective, 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 and a timeframe for achieving them. BESO, through the Prime Institutional Contractor, will assist in the process of codification of these equity standards.

Project Objectives

Understand local reasons for low participation and poor performance of girls: There is capacity in Ethiopia in the area of gender and equity research within Addis Ababa University, the MOE, the NGO community and the local consultant sector. Through the Prime Institutional Contractor, BESO could assist in commissioning and coordinating applied research on gender in education.

Identify and take appropriate action at each level of the system that enables girls to be successful students and women to be successful teachers and leaders: The BESO program could, with the assistance of ABEL II, HHRAA or other centrally funded projects with a focus on gender issues and development, buy into a global knowledge/experience base to help plan and implement a coherent strategy for addressing issues of gender and other inequities throughout the Ethiopian education system.

BESO, through the Prime Institutional Contractor, could also provide assistance in the organization of a process for developing a gender sensitization workshop format appropriate for Ethiopia. In conjunction with these activities, the BESO program will provide support to implement systemic changes. These could include: i) improving equity in resource allocation, ii) developing affirmative action policies for recruitment, training, support and advancement of female education staff at all levels, iii) developing terms of service for directors and teachers that provide incentives to improve equity, iv) increasing community support for female professionals, and v) providing equity sensitivity training for directors and teachers.

In addition, at least 20% of the school-level grants will be set aside to implement school-level equity improvements.

C.2 Supporting Objective 2: Improved efficiency and effectiveness of key quality-related services

Activities under this supporting objective are aimed at improving the efficiency and

effectiveness of the services provided by ICDR, EMPDA and 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. In addition, this supporting objective will seek to strengthen the capacity of regions to deliver these key quality related inputs and services to schools.

Of particular importance in implementing regionalization and educational reform priorities is the opportunity afforded not only to redefine organizational parameters, but also to ask fundamental questions about the efficiency and effectiveness of the kinds of services for which ICDR, EMPDA, EMMA, and now their regional counterparts, are responsible. The opportunity is presented, for example, to rethink the nature of what is taught and how it is taught, to incorporate more effective and dynamic mechanisms for evaluation into the system, and to encourage a process of determining and evaluating the content of basic schooling which is more democratic, participatory, and responsive to the needs of children and their communities.

Traditionally, very little of the output of the ICDR, EMPDA, and EMMA has had tangible impact on children in their classrooms, especially in rural areas. For a variety of reasons, there is an enormous gap between activity at the central and, increasingly, the regional institutional levels, and activity at the school level. Addressing this systemic failure, and finding ways to work productively with the central institutions in this effort, is a major challenge facing the newly created regional departments. Connecting more directly with their base and constituency -- schools, children, teachers and communities -- will be a major responsibility as i) new departments in charge of curriculum, textbooks, and educational media invent themselves at the regional level, ii) ICDR, EMPDA and EMMA reinvent themselves at the central level as providers of services and technical assistance to the regions in areas that relate to primary education, and iii) the two levels explore and define new ways of working together. Although present policies outline the general mandates of the central and the new regional institutions, lack of clarity in details invites continued central control and provides an obstacle to the development of capacity at the regional level to deliver quality school-related services.

Lack of capacity at the regional level in the form of experience, training and the availability of current ideas forms a major obstacle to the provision of quality services. For the most part, curriculum, textbook and educational media development is now being done in the regions by former secondary school teachers with knowledge neither of the complexities of primary education in general nor of the specific curriculum and materials tasks with which they are now charged. In the area of curriculum, for example, this seems to be leading to the reproduction of a very conventional content-driven curriculum. MOE policy calls for curriculum that is relevant and student-centered. Such policy demands two things: i) curriculum development and textbook design specialists who are well trained in a variety of ways of thinking about instructional design, and ii) monitoring and evaluation techniques that generate input at the school and community level and that inform the curriculum design process about issues of relevance and pedagogical effectiveness.

There is presently little meaningful evaluation carried out at the school and classroom

level of the pedagogical effectiveness of the basic instructional design, or curriculum; little is known about how teachers teach, how they impart or create knowledge in the classroom, or, more importantly, what and how children learn. Similarly, there is little systematic classroom-based evaluation of the design and use of textbooks and radio broadcasts. There is an urgent need to introduce strong school and classroom-based evaluation programs which involve community dialogue and participation, to make such evaluation a permanent part of the system, and to establish mechanisms by which evaluation informs an on-going process of curriculum development and improvement.

With regard to the production and distribution of educational materials by EMPDA, particularly textbooks, cost-effectiveness has never been seriously considered, although many rural schools face severe shortages of and delays in receiving these materials. The present devolution of responsibilities for the provision of materials for primary schools to the regions is accompanied by a movement in the direction of reproducing centralized institutions like EMPDA at the regional level. Before this takes place, there is an urgent need for information on the cost-effectiveness of alternative public and private sector means of producing and distributing educational materials, most critically, textbooks.

BESO support for improving the efficiency and effectiveness of the key quality-related services for which the regional departments, with the support of ICDR, EMPDA, and EMMA, are now responsible will concentrate on i) building capacity at the regional level in the development and evaluation of the services, ii) involving school and community stakeholders in the process and dialogue surrounding evaluation, and iii) exploring private-sector alternatives where they represent a cost-effective option.

Sub-Objective 2.1

Develop the technical capacities of the regional curriculum, educational materials, and mass 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. However, ICDR continues to play a role in maintaining minimum standards and assuring national unity in the primary school curriculum as well as providing support and technical assistance to the regions in the development and evaluation of curriculum; EMMA continues to play a role of providing support and technical assistance to the regions in developing and broadcasting primary school radio programs; and EMPDA will continue to provide technical assistance on editing, will publish and print textbook materials developed in the regions, and will provide other materials such as chalk.

The present lack of technical capacity at the regional level to carry out its new mandate with respect to curriculum development, textbook writing and radio programming, and educational materials production and distribution constitutes i) an obstacle to the successful devolution of responsibility, ii) an obstacle to the quality of teaching and learning, and iii) a vacuum in expertise that allows centralized institutions to maintain authority and control.

Reform Objectives

Commitment to improved regional curriculum, textbook and media capacity: The BESO program will 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. Along with this, government commitment to strengthen the support and service functions of ICDR, EMPDA, and EMMA will be sought.

Policy should also support a process of dialogue at the regional, local, and central levels on issues of curriculum relevance. BESO, through the Prime Institutional Contractor, will provide support for the development of mechanisms by which such dialogue can take place, with the purpose of generating and disseminating information on relevant issues.

Project Objectives

Improved regional curriculum development capacity: The lack of trained staff, particularly at the regional and sub-regional levels, is one major constraint to improving the quality of educational services. Not only is there a lack of trained teachers, teaching support staff, and school administrators, but there is a shortage of a range of technically skilled people necessary to carry out decentralized functions. Specialists in curriculum development, testing/measurement, evaluation, materials production, and radio programming, are some of the skills that will be required if regions are to assume responsibility for these key educational quality-related services. The BESO Prime Institutional Contractor will support through technical assistance, training, and logistical support, activities aimed at i) widening the knowledge of regional curriculum development staff of a range of ideas concerning instructional design and school and classroom-based evaluation methods, and ii) encouraging dialogue at the regional level, between region and center, among regions, and, most importantly, at the school and community level, on the nature of relevant and effective curriculum. The Prime Institutional Contractor will also provide technical assistance and training to develop regional and central skills in the areas of student assessment and testing and examinations.

Improved regional textbook and media design and development capacity: The BESO Prime Institutional Contractor will provide technical assistance and training to support similar activities aimed at building the capacity of those who i) write, edit and design textbooks and ii) write and produce radio broadcasting materials through widening knowledge of current ideas and techniques in these fields, with accompanying activities to encourage dialogue at the regional level, between region and center, among regions, and at the school and community level.

Improve capacity of central institutions to support regions: National-level service organizations need to purposely alter their "vision" to emphasize their service functions *vis-a-vis* regional bureaus, and to de-emphasize their roles as sole providers of curricula, materials production, educational programming and planning. As these functions devolve to the regions, national organizations will need to provide regional counterpart offices with training, technical guidance and analytical or evaluative information, that can more effectively or efficiently be implemented and provided under a decentralized administration. In conjunction with the two above objectives, BESO technical

assistance and training will also be made available to support the development of the capacity of ICDR, EMPDA and EMMA to provide support and technical assistance to counterpart departments in the regions. Possibilities will be explored of involving relevant branches of Addis Ababa University in such support activities, particularly the Institute of Educational Research and the Faculty of Education. Furthermore, BESO, through the Prime Institutional Contractor, will support inter-regional activities which will promote the dissemination of knowledge gained through strengthening activities carried out in the two regions where BESO will be active.

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 integrate evaluation material systematically in a process of feedback into the system which constantly addresses questions of purpose and relevance. Evaluation which contributes to the improvement of curriculum and educational materials, however, must be based in school and classroom processes about which conventional input/output studies of schooling have little to say. The shift to a new paradigm of evaluation will require a change in thinking about what constitutes legitimate research and evaluation at all levels of the educational establishment in Ethiopia. Some 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. BESO, through the Prime Institutional Contractor, will support activities aimed at broadening the understanding and acceptance of a variety of evaluation approaches and mechanisms.

Reform Objectives

Commitment to evaluate the cost-effectiveness and pedagogical-effectiveness of educational services: The BESO program will pursue government commitment at all levels of the education sector to the importance of pursuing pedagogical-effectiveness and cost-effectiveness analysis and study of educational services, with particular priority to curriculum and materials development, textbook production and distribution, radio production and use in classrooms. BESO could provide technical assistance to help structure and carry out such analyses, but would expect the education sector commitment to this objective to be manifested in its willingness to devote resources (time, personnel and budget) to implementing such studies.

Pursue cost savings through competitive procurement and greater private sector provision of services: The BESO program will also pursue the policy objective of progressive privatization of those functions currently inefficiently carried out by public institutions (i.e. production and distribution of textbooks). Assistance could be provided to explore potential efficiency gains and cost savings through private sector competitive contracting. Budgetary support will be conditioned on the adoption of

policies that reduce the barriers to private sector provision of educational goods and services.

Project Objectives

Development of permanent, decentralized capacity to monitor and evaluate the pedagogical-effectiveness of educational inputs and interventions: Given the resource constraints under which Ethiopia will be attempting to both improve and expand primary education, it will be of critical importance to maximize the effectiveness of those pedagogical inputs for which resources are expended. This is especially the case for the areas of educational materials production, distribution and use, as well as the development, broadcasting and use of educational media. To assist the MOE conduct initial evaluations of the effectiveness of these services, and to begin to develop a permanent capacity in the sector to monitor and evaluate input effectiveness, the BESO program will provide i) technical support and training to carry out sample-based studies of the impact on student learning of textbooks and other materials and of educational radio broadcasts; ii) technical advice on how to plan for and carry out such studies; iii) training, technical support and advice, and possibly study tours aimed at exposing key administrative and technical personnel in regional departments and in ICDR and EMPDA to different approaches to curriculum and materials development, production and distribution; iv) training, technical support and advice, and possible study tours aimed at exposing key administrative and technical personnel in regional departments and in EMMA to different approaches to the development and use of educational media.

School-based capacity to monitor pedagogical effectiveness: The single biggest problem with relation to the provision of quality-related services to primary schools is that the services do not reach the schools in sufficient quantity, particularly schools in rural areas, and that the consumers of the services, children, communities and teachers, have very little voice in shaping or evaluating the services provided to them. One fundamental way of promoting improvements and encouraging the system to be more responsive to its base, is to empower that base with knowledge and resources and draw it into various activities related to school quality and relevance. In conjunction with the school-based efforts outlined under Supporting Objective 1, BESO-supported interventions at that level will also incorporate school-level activities aimed at involving teachers, students and community members in the evaluation of curriculum, textbooks and radio broadcasts.

Evaluation of cost-effectiveness of textbook production and distribution: BESO, through the Prime Institutional Contractor, will support cost-effectiveness studies of the production of educational materials, particularly textbooks. In addition, management consulting for EMPDA and EMMA could be provided to furnish advice to these agencies on how to improve organization, staffing, operation and general management in order to maximize efficiency. BESO, through the Prime Institutional Contractor, would also fund assistance to help carry out a study of private or non-governmental-sector potential for activity related to the development, production and distribution of quality-related goods and services

C.3 Supporting Objective 3: Improved quality of pre-service teacher training

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. As discussed earlier, the TTI system in Ethiopia in general suffers from numerous inadequacies and constraints relating to physical facilities, recruitment of staff and trainees, training curriculum and instructional methods, relations with communities and schools, and administrative relationships with the REB, ZEO, WEO and other educational offices and institutions. BESO efforts at rehabilitating pre-service teacher training are designed to address these constraints. In addition, the BESO program will look to target problems emanating from recent TTI policy changes and to support any opportunities arising from the implementation of the new policies.

For example, one area of opportunity lies in the almost universal agreement over the fact that primary education and primary teacher training are in a critical state and are priority areas for reform. Particularly at the regional level, there is a will to search for new ideas and new ways. There is an acknowledgement of weaknesses and a desire to overcome them. Relatively small improvements in conditions of service along with increasing recognition of the importance of the work they are doing would motivate teacher training personnel to raise standards for their performance.

Another opportunity stems from an enduring sense of professionalism among TTI staff. While it is true that the morale is low in the education system as a whole, there remains a sense of professionalism among those who are devoted to teaching careers. This is revealed in their selection of topics of concern to discuss, in their interest in finding innovative practical solutions and in their focus on the future of education, their region and their country. Among many professionals there is also an inclination to use a spirit of inquiry, to require data to support opinions, to consider alternative solutions, to apply a certain degree of rigor in problem solving and to consult recognized authorities.

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 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 very quickly. 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.

A further concern stems from the fact that the new primary education and teacher training program is being planned and developed by experts in secondary education. Those who prepare curriculum and train teachers have not had primary teaching experience or any courses oriented toward children and the early years of schooling.

A more powerful role in influencing teacher training will be played by the regions and institutions themselves. Presently these organizations are gaining an understanding of their new roles and responsibilities and planning on how to acquire the necessary resources and how to train the staff (which is often new, inexperienced and lacking

basic academic qualifications) which will be required to accomplish these new functions. Currently, the MOE is often seen as more authoritative and knowledgeable in matters of curriculum and training and thus having most of the answers. Areas of decision-making authority are being delineated between the REB and the TTIs and between the TTIs and the MOE; yet during the transition, boundaries remain blurred.

BESO support to improving the quality of pre-service teacher education will address the organizational, administrative, and technical constraints associated with providing high quality training in the three target TTIs in Tigray and SEPR. In addition, the BESO program will help improve TTI services in all regions through both policy conditionality, information sharing and demonstrations of program successes.

Sub-Objective 3.1

Recruit better quality entrants into teacher pre-service training

With the advent of regionalization, the MOE is setting regional quotas for training primary school teachers; regions without TTIs are allowed to send selected trainees to the neighboring regions. Under the current administrative structure, the REB is responsible for recruiting trainees for TTIs. The actual recruiting is done at the Zonal Education Office. The TTIs do not participate in the recruitment or the selection of entrants. Nor are they allowed to be involved in setting admissions criteria that are based on demonstrated competencies, or at a minimum, motivation and interest in teaching. To improve the quality of TTIs entrants, numerous reforms in the admissions process and practices are called for. BESO, through the Prime Institutional Contractor, will also support analysis of the implications for pre-service teacher training of new education policy decisions relating to reform of the teaching profession, teacher training and primary school curricula.

Reform Objectives

Critical analysis of implications of the proposed six step teacher career structure: The proposed reform of the teaching profession may provide opportunities to address the issue of teacher training and teacher motivation. Options for restructuring the teaching career ladder and improving the terms and conditions of employment of teachers should be analyzed from the perspective of what package could best address the present constraints on teacher motivation; particularly the ability of the profession to attract well qualified teacher training candidates. BESO, through the Prime Institutional Contractor, will support analysis of the proposed reforms, and could provide technical assistance to the conduct of such a study. The BESO program would also advocate the pursuit of career reforms deemed most cost-effective for redressing current shortcomings in the terms and conditions of teacher service.

Critical analysis of the appropriate school leaving level for primary teacher training: The issue of the appropriate entry level for primary teacher training is another of 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 different emphasis in their professional training, i.e. elements of child psychology versus

elements of adolescent psychology or methods of teaching beginning reading more than methods of teaching reading in the content areas, they need as much basic knowledge of core academic subjects as teachers of upper primary. There is no strong evidence that teachers of grade four, for example can be adequately prepared on a foundation of ten years of schooling, while teachers of grade five need twelve years. BESO, through the Prime Institutional Contractor, will support analysis of and policy dialogue around the issues of recruitment levels for TTI candidates. The Prime Institutional Contractor could provide technical assistance to help structure and conduct such analyses, as well as help organize and facilitate dialogue concerning the implications of different options. The BESO program would advocate specific attention to issues of cost-effectiveness and efficiency implications:

Establishing stricter admission criteria and strengthening the role of the TTI in recruitment and admission of training candidates: The Education and Training Policy stipulates that the government will create a mechanism through which TTIs, employers, and teachers associations will participate in the recruitment of teacher trainees. 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. BESO would support the establishment of such criteria, development of mechanisms for applying them, and delegation of authority to TTIs to enforce them. While the regions and zones need to have input into the selection of TTI entrants, the enforcement of admission criteria, in order to ensure a minimum standard of quality, should reside with the institutions accepting the training candidates. The BESO program will support reforms aimed at increasing the authority of TTIs over recruitment, selection and admission of trainees. TTI acquisition of greater autonomy in these areas is an important condition for continuing BESO budgetary support. BESO-funded technical assistance could be made available to help develop selection criteria, entrance exams, and application procedures.

Project Objectives

Support to policy reforms: As evident in the above discussion of policy reforms advocated under this sub-objective, BESO, through the Prime Institutional Contractor, would provide technical assistance as required to help conduct policy analysis, study cost implications of different policy scenarios, and/or facilitate dialogue on key areas of policy reform related to improving the quality of entrants into pre-service teacher training.

Sub-Objective 3.2

Increase the 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. 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, the secondary

school examination scores required of female entrants may be lower than the minimum required for the first 80 percent. The new education policy calls for an increase in female entry to the teaching profession. The BESO program will actively support policy reforms and specific interventions intended to help that policy objective, as well as improved female performance in training, and entry and endurance in the teaching profession.

Reform Objectives

Increase in the TTI entry quota for women: The BESO program will support central, regional and TTI efforts to increase the percentage of TTI places set aside for female trainees. In addition, BESO, through the Prime Institutional Contractor, would advocate and support the development of outreach efforts to encourage females to apply for entry into teacher training.

Development and implementation of a support system for female TTI students: The success of an affirmative action program for recruiting women into the TTIs will depend on the establishment of a support system in the TTIs to make up for some of the gender biases inherent in the training and living environment, as well as to help overcome some of the disadvantages heaped on women throughout their education. The BESO program would require that such a policy be enacted and that resources be made available to establish such programs in the TTIs in Tigray and SEPR.

Affirmative action to recruit more female TTI instructors: Even more striking than the low percentage of female students in the TTIs is the almost complete absence of female TTI instructors (and administrators). The BESO program's pursuit of greater gender equity in pre-service teacher training will also include support of the development of affirmative action programs for recruiting women to be instructors or administrators in the TTIs. Technical assistance, through the BESO Prime Institutional Contractor, to help study how best to establish such a program and to assist in implementing it would be available to those TTIs demonstrating a commitment to this specific objective.

Providing academic remediation when required: If stricter admission criteria are compromised by requirements to fill language group and gender quotas, then adoption of a policy of provision of remediation will be supported.

Project Objectives

Support to policy reforms: As indicated in the discussion of the reform objectives linked to this BESO sub-objective, technical assistance, training, and project support would be provided as needed, through the Prime Institutional Contractor, to help conduct analyses, develop policies and programs, and implement interventions intended to improve female participation and success in pre-service teacher training.

Development of female student teacher support systems: The BESO Prime Institutional Contractor would provide technical assistance, training, advice and some direct funding of activities to help put in place support mechanisms for women enrolled in TTIs. BESO project-supported interventions could include such efforts as i) gender sensitization for staff and students; ii) academic remediation sessions for women trainees; iii) training for female guidance and counseling staff; iv) improved living conditions in the women's dormitories; v) forming female students association and support networks; vi) financial

support for female trainees and scholarships for best women graduates. Provision of assistance in these areas to the three concerned TTIs would be conditioned on demonstrated commitment at the TTI level to the types of policy reforms advocated under this sub-objective.

Analysis of the constraints and problems faced by female TTI students and primary school teachers: Better understanding of the particular problems faced by women seeking to become and working as primary school teachers will lead to informed policy and program decisions on how best to promote greater gender equity in the teaching profession. BESO, through the Prime Institutional Contractor, will provide support to research and analysis of these issues. This could include such areas of concern as the living and working conditions for female teachers in rural schools, the gender biases inherent in school environments, etc. The BESO program, through the Prime Institutional Contractor, would also advocate and support policy dialogue on how best to address the issues raised through the research and analysis.

Study of positive cases: The BESO Prime Institutional Contractor would provide technical assistance to help study cases where zones or woredas are proposing more female TTI candidates, where TTIs have been successful in recruiting greater percentages of women, and areas where women teachers feel their working conditions are supportive. These case studies could provide lessons on how best to support and promote female teachers. BESO, through the Prime Institutional Contractor, would also assist in the promulgation and dissemination of these lessons.

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. This sub-objective of Supporting Objective 3 is concerned with those factors internal to the TTIs. In particular under this program element BESO will address issues related to improving the curriculum and instructional methods in the target TTIs, upgrading the quality of TTI staff and updating their knowledge and practices, addressing the lack of suitable instructional resources, adequate and appropriate practice teaching, as well as TTI organization and management.

Reform Objectives

Establish criteria for TTI staff recruitment and strengthen the TTI role in hiring and managing their personnel: TTI instructors are recruited from among secondary school teachers and are assigned to TTIs by the zones. Improvements in the instructional quality of pre-service training will depend on implementation of reforms aimed at recruiting TTI personnel on the basis of a demonstrated competency, aptitude and qualifications particular to the role of training primary school teachers. In addition, 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. The BESO program will support reforms aimed at increasing TTI authority over staff management, as well as the development and enforcement of TTI instructor qualification profiles.

Improve conditions of service for TTI instructors: TTI staff are currently employed under the same conditions of service as secondary school teachers. The BESO program will support the pursuit of reforms designed to establish a separate category of teaching specific to pre-service teacher training and provide TTI personnel with career incentives.

Provide opportunities for staff development: The BESO program will support pro-active policies at the TTI-level to promote staff development. Assistance in the areas of staff training and improvement would be contingent on adequate allocation of time and resources to permit ongoing staff professional development.

Critical analysis of the implications of the proposed two levels of primary schooling and teacher training: BESO-supported improvements in quality and equity accompanied by expansion of participation demand cost-effectiveness. Creating two-levels of primary schooling and primary teacher training 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, BESO's purpose may be compromised. The decision to train subject specialists for upper-primary schools is equally critical. 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 program, the BESO program 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 effective use of the TTI's instructional resources. BESO support to the improvement of pre-service teacher training would be contingent on implementation of TTI reforms that take into account these issues and that would not foster narrow specialization of primary teachers.

Reform of TTI curriculum: As discussed above and in the constraints analysis, 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. In addition to the reform concerns mentioned already, the BESO program will support reforms in TTI curriculum geared towards simplification, greater emphasis on practical methods, and increased practice teaching. The development of a TTI curriculum reform plan that addresses the issues raised here and in the preceding paragraph will be an explicit condition for disbursement of BESO non-project assistance.

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. In particular, the BESO program will emphasize sufficient recurrent budget for the target TTIs to permit regular maintenance of buildings, equipment and furniture, adequate living conditions for trainees and staff, and purchase of instructional materials on a regular basis. Budgetary support provided under BESO will be conditioned on continuous improvement in resource availability for these purposes.

Development of managerial autonomy for TTIs: As was indicated under the sub-objective pertaining to recruitment of TTI candidates, greater autonomy at the TTI level is an important reform objective of the BESO. In this case, the BESO program will advocate, in support of TGE policy, to have TTIs function more autonomously,

devolution of managerial authority to the TTI. This should include responsibility for planning and budgeting for TTI operation, as well as managerial decisions regarding staff, scheduling, and resource use. It is expected that this increased autonomy would also apply to increases in resource levels budgeted for TTIs.

Project Objectives

Improvements in TTI curriculum: In conjunction with BESO support of reform of TTI curriculum, the BESO Prime Institutional Contractor will provide technical assistance, training and some resources for developing, testing, and implementing new TTI curricula. BESO, through the Prime Institutional Contractor, would seek to support the development of permanent capacity at the TTIs to review, evaluate and re-assess instructional content, orientation, and methods, as well as the development of materials. Specific technical support would also be provided to reorganizing and improving the implementation of supervised practice teaching. Attention would be paid to linking TTI curriculum to changes in the primary school curricula and to the development of new materials and methods. BESO technical assistance would also help the TTIs coordinate more closely with the development of radio instructional programs (in particular in conjunction with the monitoring and evaluation of the effective use of radio being carried out under Supporting Objective 2).

Professional development of TTI staff: In addition to promoting a policy of ongoing professional development for TTI staff, the BESO Prime Institutional Contractor would provide direct technical assistance to aid in the elaboration and implementation of in-service staff training and development. Staff development would be fostered by an improved working environment: furnished office space, reference materials in their subjects, and training. Priority in long-term training should be given to those lacking a first-degree. Preference should be given to female instructors. Short-term training should emphasize subject methodology and professional courses. If planned cooperatively with Bahir Dar or the Faculty of Education and foreign technical advisors, a positive effect might be seen on both the trainers of trainers and the TTI staff. Short-term training need not be confined to the focal TTIs; it would cost very little more to include staff from other TTIs in the country. Such training should involve not only campus-based sessions but also work with pupils in nearby primary school classrooms. Since the new education policy sees the TTI as a center for research and evaluation as well as teaching, this area should receive particular attention in staff development. Short-term technical assistance could include training for staff in action research and evaluation techniques and planning, in cooperation with the WEO, ZEO and or REB, useful small-scale studies. The studies could be carried out over the period of the school year, with intermittent visits by the technical advisor.

Improvements in the instructional environment: Where necessary, BESO, through the Prime Institutional Contractor, could provide some direct funding for instructional resources and equipment. Instructional resources are an important missing component of pre-service teacher training. The most basic should be supplied initially, with additional resources planned for in conjunction with the emergence of new curriculum, new teaching methods and new learning needs. TTI libraries could benefit from BESO support. Science laboratories are not necessary, but the BESO program would support setting up "science environments" rich in locally available resources and "low-tech" equipment and flexibly arranged for creative teaching and learning.

Improved TTI administration and management: As TTIs receive greater authority, increased capacity for budget management will be needed and important. Through the Prime Institutional Contractor, BESO will support training for TTI administrators in such areas as office management, staff supervision, personnel management, planning and budgeting and financial management. Technical assistance and training would be provided in these areas according to identified needs. Training should be short-term and focussed on one specific issue in each session. All TTI principals could participate in short workshops, held at a different TTI on each occasion. Technical assistance could be obtained from private management consulting firms established in Ethiopia. Management training should lead to improvements in the information, communication, and transport systems of the institutions. Another less formal way of BESO support to developing capacity would be through support of meetings and exchange visits of TTI management personnel and occasional visits to exemplary teacher training institutions in Africa.

Sub-Objective 3.4

Improve quality of teachers produced by TTIs

The BESO program'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.

Reform Objectives

Development of a professional teacher certification system: TTI graduation and official teaching certification provide useful points at which the quality of entrants into the teaching profession can be controlled. The BESO program will support the development of policies on TTI graduation and official certification that permit the establishment of minimum performance standards for entry-level teachers, and which help the TGE implement its policy of stricter certification standards. Such a policy could confer authority on the TTI to award graduate status to successful completers of pre-service training, while assigning permanent certification authority to the REB, after entry-level teachers would have undergone a period of probationary service. Through the Prime Institutional Contractor, BESO could support a process involving TTIs, REBs, schools, and MOE for developing the details of a certification plan. In addition, the BESO program would require the development of such a strategy as a condition for providing budgetary support.

Availability of adequate resources to ensure operationalization of certification and graduate follow-up and support systems: In order for TTIs, REBs, ZEOs and WEOs to effectively support and monitor the performance of entry-level teachers, recurrent resources will need to be made available as part of the regular budgetary allocations of the concerned institutions.

Project Objectives

Development of permanent TTI capacity to monitor and evaluate the performance of graduate teachers: Once a certification plan is developed, its effective implementation will depend upon sound methods of assessment of the performance of students in the TTI and new teachers in classrooms. BESO-supported training through short-term technical assistance in research, monitoring and evaluation for the REB and the TTI would include establishing and applying performance-based criteria, as well as preparing and administering improved examinations. The BESO Prime Institutional Contractor technical assistance and training will also support the establishment of research, evaluation and monitoring units at TTIs and strengthening those in education bureaus and offices, as intended in the new educational policy and plan. This will constitute an important element in the development of a system to follow-up TTI graduates. The BESO program would advocate, as mentioned above, adequate recurrent budgeting for all aspects of implementing such a graduate evaluation system. Technical assistance, through the Prime Institutional Contractor, would focus on training in methods and organization.

Improve TTI graduates' methods in assessment of student learning and in evaluation of instructional effectiveness of different methodologies, materials and inputs: In conjunction with the BESO objectives pursued under Supporting Objectives 1 and 2, TTI training programs and graduate follow-up and support systems should include development of teacher capacity in the areas of self-evaluation, student assessment, and evaluation of instructional effectiveness of various classroom interventions. WEO personnel should be included in the development of these approaches and practices so as to foster the development of a permanent school-effectiveness and monitoring and feedback system. BESO, through the Prime Institutional Contractor, will provide technical assistance to help establish the links between the various offices and institutions and to help develop the techniques and skills needed to administer such a program.

C.4 Supporting Objective 4: Improved decentralized management and administration of primary education

Regionalization in the education sector has not only led to the creation of education offices at new levels in the system, but it is also engendering a rethinking of roles and responsibilities at the different administrative levels. As regional, zonal and woreda education offices take on most of the line functions previously assumed by the central MOE, they need to develop specific administrative and managerial capacities while the MOE learns to fill other 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. This wide range of capacity and willingness to assume responsibility stands out as the most striking characteristic of the education system during this period of transition. The variance 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's strategy of support under the BESO program takes account of the diversity of circumstances, capacity, and leadership present in the two regions identified for assistance. Furthermore, BESO recognizes the divergent patterns of development of administrative structures emerging in SEPR and Tigray. Specifically, the BESO program will need to take into account the different relative importance assigned to the REB, ZEO, and WEO in these two regions. Given the heterogeneous nature of regional capacity and approach, USAID will pursue under BESO the improvement of key administrative functions at whatever level the system can best assure, within the pattern of responsibility and authority adopted by the region, the improvement of primary schooling. 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.

The following reforms and interventions targeted by the BESO program represent USAID's attempt to assist the development of critical functions at each administrative level and, in particular, to promote interaction between and across the different levels of the system.

Sub-Objective 4.1

To strengthen the institutional capacity of the Planning and Project Department of the MOE so that it can effectively serve as the policy and coordination center for Ethiopia'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 central Planning and Project Department (PPD) sees itself as more of a policy development and coordination unit. To that end, it will need to develop skills and capacity commensurate with assuring those functions. In particular this pertains to PPD's ability to conduct analysis of long-range objectives, to gather and analyze information pertinent to the development of sectoral policies, to track the evolution of the education sector as a result of implementation of national priorities, policies and mandates, to advocate for the overall allocation of resources required to develop the country's education system, and to coordinate various donor-funded efforts within the framework of national sectoral priorities and development strategies.

Reform Objectives

Development of a policy analysis and coordination mandate for the PPD: In order for the PPD to perform the functions described above, 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, MOPED, MOF 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.

Clear articulation of the delineation between central and regional authority and responsibility: 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. Furthermore, the BESO program will require as a condition precedent to disbursement of non-project assistance that the TGE/MOE indicate the appropriate policy, administrative and institutional authority relative to program reform objectives.

Project Objectives

Conduct an information needs assessment, develop an information system, and improve information use: The BESO program would support a re-evaluation of information system needs in the context of the implementation of regionalization. The Donors to African Education working group on education statistics has supported a National Education System Information System (NESIS) needs assessment in Ethiopia. However, since then, the roles of the center and regions have changed drastically, and with it the information responsibilities and requirements of the central MOE. Therefore, an updated needs assessment is a priority. That assessment should be conducted from the perspective of the information and types of analyses best suited to serve a policy advisory and coordination function. BESO will provide, probably by buying into the services of a central USAID/W education project, technical assistance for a NESIS needs assessment update. On the basis of the needs assessment, BESO would then provide, either through this buy-in arrangement or through the Prime Implementation Contractor, short-term technical assistance and training in areas identified as necessary for the refinement of PPD's EMIS functions. This could include data analysis, policy indicator development, information presentation, modeling and report production.

Development of a policy analysis and advisory unit within the MOE: BESO, through the Prime Institutional Contractor, would provide technical assistance to help develop a permanent policy analysis and advisory capacity within the PPD of the MOE. Long and short-term technical assistance and training would be provided to develop systems, procedures, and technical skills so that the PPD would be able to i) identify relevant educational policy issues, prioritize them, and establish the agenda for policy analysis activities; ii) conduct policy analysis and present its outcomes to policy decision-makers; iii) develop national strategic education plans in terms of direction, investment strategies, education quality and equity, internal and external efficiency, and other related national issues; iv) develop national educational standards; v) provide professional technical consultations to REBs and to other units in the MOE; and vi) liaise with other sectors as appropriate, especially on issues relating to national development.

Sub-Objective 4.2

Improve key administrative and management functions of the Tigray and SEPR Regional Education Bureaus

The Regional Education Bureaus have taken on the primary operational responsibility for administering the delivery of basic education. Most of the administrative and managerial functions previously assured by the central ministry are now being assumed by the REB. 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 above objective aims to improve REB capacity in four key administrative operations: information management, planning, resource allocation and resource management.

Reform Objectives

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, the BESO program 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. The former would be located wherever is most efficient, and the latter as close to school level as possible. BESO, through the Prime Institutional Contractor, could provide technical assistance to help conduct such an analysis.

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 will be conditioned on REB commitment to rational planning and budgeting as demonstrated by the development of regional strategic plans.

Project Objectives

Develop school mapping, EMIS, sectoral planning, and budget development and financial management functions in the REB: BESO, through the Prime Institutional Contractor, would provide two long-term technical advisors to both the Tigray and SEPR REBs in educational planning and information use and in budget preparation and financial management. The objectives of these advisors would be to help develop regional systems, procedures, practices and technical capacities in the areas of school mapping, EMIS development, budget preparation and financial management. A primary goal of the technical assistance would be to help develop computerized systems for information use, educational planning, investment and recurrent budget projection and development and expenditure tracking. In addition, the long-term advisors would be

complemented by short-term technical assistance and training as needed in related areas such as data collection, data-base development, computer-based projection and simulation, accounting, procurement, and materials control and distribution and personnel management. Technical capabilities of REB staff would be enhanced in each of these areas, but the institutional capacity of the REB would be developed in an integrated system, linking information, planning, budget and financial management.

Sub-Objective 4.3

Improve administrative and management functions of selected Zone Education Offices

In the two regions where BESO will be directly active, the roles of the Zone 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 ZEO administrative and management capacity will have to respond to the different devolution of authority that may emerge in the two regions. In an initial phase, BESO support would focus on the development of ZEO capacity most critical to the ability of the WEO and REB to channel resources and services to the school level.

Reform Objectives

Limitation on development of zone staffing based on functional analysis of operational requirements: In keeping with the objective cited under sub-objective 4.2, the BESO program would support a streamlined approach to development of all administrative offices within the education sector.

Project Objectives

Develop selected ZEO capacity in information use, planning, budget preparation and management as required: As stated above, depending on the education sector administrative authority devolved to the ZEO, BESO, through the Prime Institutional Contractor, would provide technical assistance and training to them in the areas of data collection, database development, planning, budget development, and expenditure management and tracking. The technical advisors to the REBs could organize on-the-job training for ZEO officials in their respective areas as needs are identified. Likewise, short-term technical assistance and training would be available to the ZEOs as their administrative responsibilities evolve and specific needs arise.

Sub-Objective 4.4

Improve the school support functions of selected Woreda Education Offices

The 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.

In the interest of keeping administrative overhead costs in the education system to a minimum, the BESO program will support the development of those capacities at the woreda level that will permit the WEO to serve school needs. Priority will be given to school director and teacher support, textbook and other resource distribution, and monitoring and evaluation of school effectiveness. Many of the activities under this sub-objective are intended also to support and complement the BESO objectives and interventions outlined under Supporting Objectives 1 and 2.

Reform Objectives

Limitation on WEO staffing based on functional analysis of key school support operations: In keeping with the objective cited under sub-objective 4.2, the BESO program would support a streamlined approach to development of all administrative offices within the education sector. At the WEO level this is particularly characterized by a priority for school support functions. The BESO program will advocate the identification of a key set of school support activities as priority areas for capacity development at the WEO level. Furthermore, BESO, through the Prime Institutional Contractor, will look to provide assistance to those WEOs that demonstrate an interest and willingness to pursue a school support-based approach to defining their functional role.

Definition of operational norms for WEO priority school support functions: A key factor in developing WEO capacity for school support is the establishment, in collaboration with the regional office, of functional norms for activities such as school visits, monitoring and supervision, reporting (to schools as well as to higher administrative levels). The BESO program will support the development of such norms and will provide project assistance to those WEOs which i) demonstrate a willingness to participate in their definition and ii) advocate enforcing them in their own operation.

Availability of adequate recurrent financing for WEO operation: BESO budgetary support will be conditioned on regional government commitment to provide adequate resources to assure a level of WEO functioning commensurate with the responsibilities devolved to the WEO and enabling them to provide key support services to schools.

Project Objectives

Improve WEO capacity to channel resources to schools: The current administrative system lacks ability to provide resources to schools. A prime example of this is the distribution of textbooks and/or other educational materials. BESO, through the Prime Institutional Contractor, will provide support geared primarily to helping WEO improve their capacity to distribute resources to schools. Short-term technical assistance and training would help the WEO develop, in conjunction with schools and communities, efficient procedures and mechanisms for resource distribution.

Development of WEO capacity to support school directors and to organize and provide regular school director professional development: In conjunction with the BESO interventions outlined under Supporting Objective 1, efforts under this sub-objective would contribute to the development of WEO capacity to organize and deliver continuous and regular training for school directors. Through the BESO Prime Institutional Contractor, short-term technical assistance would be made available to those WEOs where school improvement activities are being organized and where functional and staffing norms are being applied. This technical assistance would support the design, organization and implementation of school director training.

Develop WEO capacity to monitor and assess school-based initiatives and the support services they provide to schools: In conjunction with the strategy outlined under Supporting Objectives 1, 2 and 3, WEOs will need to develop capacity, in collaboration with the regional office, to play an important role in supporting and assessing the effectiveness of different school-level initiatives. This would include implementing school improvements, monitoring the effectiveness of instructional practices and materials, and supporting teacher self and peer-evaluation networks. BESO, through the Prime Institutional Contractor, will support the development of WEO capacity through technical assistance and on-the-job training intended to foster the development of the WEO as a focal point for drawing lessons from school-level experiences, developing new frameworks for understanding the dynamic of school-based initiatives, and disseminating information on best practices throughout the system. BESO support will support the development of the WEO as the conduit for transforming knowledge about education generated at the local level into systemic knowledge.

C.5 Supporting Objective 5: Increased and more rational and efficient sectoral financing

The 1993/94 TGE budget demonstrated an important shift in government allocations. The social sectors in general, and education in particular, benefitted from the reallocation of resources previously consumed by the military budget and from projected increases in revenue. In both recurrent and capital terms, education received a greater share of government expenditure, particularly primary education. This is reflected in central as well as in regional budgets. While these developments are encouraging, there remain some critical issues to be addressed in the coming years. In fact, some of these constraints are directly linked to the recent dramatic increases in education allocations.

For example, on what basis were the new levels of expenditure determined? It is unclear whether budgeted levels reflect detailed resource needs associated with

implementing the new policy. Is part of this increase attributable to the cost of producing new materials in eight new languages of instruction introduced over the last two years? Or are additional staff and other administrative overhead costs associated with regionalization consuming most of the increased expenditure? As regards capital budget increases for education, 67 percent of the expenditure in 1993-94 is externally financed and linked to existing projects. According to the PER, the selection of projects was influenced by three priorities: i) the need to strengthen primary education, ii) the need to rehabilitate damaged infrastructure, and iii) a decision to continue on-going projects. No criteria have been determined for selecting projects in the future, nor for deciding if on-going projects are worth continuing.¹⁵

Implementation of capital budget increases has been mixed. Current reports indicate that some regions responded well to the new responsibility of managing investment projects, while others were unable to take advantage of the resources allocated to them. System sustainability of current levels of investment program is another area of concern. There is no question of the need to invest in both rehabilitation of educational infrastructure and construction of schools to expand access. 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. Neither the MOE nor the MOF has worked out the recurrent cost implications of the budgeted levels of investment. 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.

While it is encouraging to see government commitment to basic education reflected in its willingness to increase allocations to the education sector, and within the sector to primary education, an emphasis needs to be placed on the need to budget resources rationally as a function of sustainable expansion and a minimum standard of quality.

BESO efforts under this supporting objective are therefore intended to address three primary concerns: i) that sufficient government resources for equitable realization of qualitative improvements be available for primary education, ii) that the public sector cost burden associated with the provision of education be alleviated through diversification of sectoral financing and institution of cost recovery where possible, and iii) that resources that are made available for the education sector, in particular for primary education, be used efficiently, rationally and effectively.

Sub-Objective 5.1

Increase availability of non-salary resources for primary education

Recent increases in government allocations to the education sector, and specifically to primary education, indicate an initial commitment to establishing basic education as a priority for Ethiopia. However, indications are that non-salary expenditure in the education sector remains inadequate to assure the provision of inputs sufficient to meet

¹⁵ World Bank, *Ethiopia: Education Sector Public Expenditure Review, 1993*, pg. 16.

government objectives of improved quality. Furthermore, substantial costs associated with implementing regionalization will strain central and regional budgets for at least a few more years. Lastly, present budgeted education expenditures are predicated on optimistic assumptions regarding growth in the economy and government revenue. Less than ideal economic conditions could severely curtail government capacity to meet budgeted allocations.

Although it appears that the TGE has made a concerted effort to augment education's percentage of government spending, the nature of those expenditures, especially in the primary sub-sector, does not address the pressing needs associated with the government's new education policy. Recurrent resources for primary education are overwhelmingly consumed by salaries. Indications are that patterns of expenditure in 1993-94 continued to favor salaries and other costs not directly related to improving the quality of primary schooling.

Reform Objectives

Increase expenditure on non-salary, school-level, quality-enhancing inputs for primary education: BESO-provided non-project assistance in the form of cash transfers to the central government would help assure a resource base for increased non-salary expenditure on education and would diminish the fragility of current sectoral allocations. 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 conditionality aimed at establishing specific allocation and expenditure targets for the central and regional budgets. Specific conditions for unit non-salary expenditure in the first two years of the BESO program would establish target levels of actual expenditure for Tigray and SEPR.

Establish minimum standards for school quality: The education system can help orient school initiatives to improve quality by establishing minimum standards. These standards help government make decisions about resource use in the education sector. BESO, through the Prime Institutional Contractor, will provide support to a process of defining these standards and would advocate for their adoption and application as both the school and government planning framework. Development and adoption of minimum quality standards will be a condition for continuing budgetary support to the sector.

Project Objectives

The enhancement of sectoral institutional capacity in three critical areas will contribute to the TGE ability to meet the reform objectives outlined above. These include i) sectoral planning, ii) budget and financial management, and iii) resource flows. Project objectives in the first two areas have already been identified under Supporting Objective 4. Specifically, they pertain to the objectives of improving REB and ZEO capacity in the areas of planning, budget preparation and financial management. The additional project objective that will receive BESO support under this sub-objective is:

Improved management of resource flows: The flow of resources out from the center to the regional and sub-regional levels will determine the feasibility and pace of reform implementation. With the implementation of regionalization and the decentralization of financial management responsibility, the capacity of education-sector administrators at

all levels to program and manage resources in the sector effectively will determine whether the additional resources allocated to education can be absorbed and used well. In addition to the project inputs aimed at improving the decentralized administration and management already outlined, the BESO Prime Institutional Contractor will provide additional technical assistance to improve communication and coordination between regions and the MOF and MOE, between the target REBs and their respective RFBs, as well as among all regions, especially with regard to procedures and practices for planning, budget preparation and expenditure management. BESO will also support, through the Prime Institutional Contractor, the improvement of the efficiency and transparency of procedures for resource flows from the MOF to the regions, as well as within regions to zones and woredas.

Sub-Objective 5.2

Reduce the burden on the public sector for the financing of education

After 15 years of repression under the Derg, private provision of education in Ethiopia fell to 7 percent of primary, 15 percent of junior secondary, and 10 percent of senior secondary schools by 1989. All together private schools currently serve an estimated 10 percent of total enrollment at the primary and secondary levels. The TGE is presently considering legislation intended to ease restrictions on the establishment and operation of private schools.

The MOE reports that in 1988-89 roughly 18 million Birr were spent by the private sector on primary education, with student fees constituting only 5 percent of total primary school revenues nationwide.¹⁶ Primary schools charge fees for various purposes, but most frequently these include registration fees, book rental fees and sports fees. Data from the USAID-supported study of demand for primary schooling revealed that school fees were between 3 and 4 Birr per year. Furthermore, it revealed household costs for primary grades to be 25 Birr per year for books and school supplies. Past policy dictated that primary schools receive 10 hectares of land redistributed from holdings acquired by the peasant associations. Primary school incomes depend much more on the revenue generated from that land endowment through rental fees or share cropping than on income from fees.¹⁷ The demand study indicates that 73% of the school cash revenue was derived from land cultivation or rent.

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. Only a small percent of the overall cost of providing education is recovered through fees and/or other non-governmental sources of revenue for the sector. At the primary level the possibility for cost recovery is limited, especially given the price elasticity of demand in some areas. Furthermore, the new education policy calls for

¹⁶ World Bank, *Ethiopia: Education Sector Public Expenditure Review*, 1993, pg. 11.

¹⁷ USAID, *Ethiopia Education Sector Review, Part II*, pg. 7.

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.

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.

Reform Objectives

Promotion of private provision of education: The BESO program will support TGE commitment to 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 that BESO will advocate 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. The BESO Prime Institutional Contractor could also provide technical support if needed to help study existing constraints to the development of private education. Progress in implementing policy changes intended to facilitate the expansion of private schooling will be a condition for continuing BESO non-project assistance.

Establish mechanisms for cost recovery and cost sharing at higher levels of education: In support of the TGE's stated policy to implement cost recovery, the BESO program will advocate the definition of specific mechanisms through which cost sharing could progressively be pursued at senior secondary, tertiary and/or vocation and technical institutions. Project support could also be provided, through the BESO Prime Institutional Contractor, to help analyze the scope of, and develop proposals for, systems of cost sharing.

Improve the capacity of primary schools to raise, retain and use resources: In addition to contributing to the sub-objective of reducing the cost burden of education on the government, this reform objective reiterates BESO-supported activities aimed at stimulating parental and community involvement in qualitative improvements of schools under Supporting Objective 1. Specifically, the BESO program will pursue the establishment of a legal framework for school governance and financial management that enhances schools' ability to raise revenue and retain and use it for locally identified school-related priorities.

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 could be addressed as means to improve efficiency. These include deployment of teachers and non-teaching personnel, effectiveness of expenditures on pedagogical inputs and student wastage. In addition, a large share of sectoral resources is being consumed by administrative costs associated with the establishment of education offices at each of the new territorial sub-divisions: 11 regions, 64 zones, and 669 woredas.

In many towns it is not uncommon to find overstaffed schools, where the total student to teacher ratio may be as low as 20:1. However, teachers in these schools may still face class sizes of 50 students, because they are being used in a compartmentalized way. Instead of creating additional pedagogical groupings, teacher workloads are reduced. In some cases teachers may have as few as 10 periods per week compared to the norm of 26. This is partly due a policy which permits more experienced teachers to transfer into towns, regardless of need. More rational deployment 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.¹⁸

The education sector presently employs large numbers of non-teaching personnel at the school level. The exact nature and utility of these employees, most likely secretaries, janitors or guards, are not known, but their impact in budgetary terms may not be insignificant. Cost savings derived from reduction of these kinds of personnel should be possible without compromising instructional quality.

Another important resource constraint in the education sector concerns the effectiveness of expenditures on pedagogical inputs. Three areas where this is of importance are i) production and distribution of educational materials, ii) use of educational media, and iii) teacher training. As revealed in the Education Sector Review, while considerable capacity exists in the areas of curriculum development, materials production and educational media (especially radio), little attention is paid to determining the effectiveness of these inputs in terms of quality of learning. 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. In particular, the role the private sector could play in more efficient delivery of services needs to be examined.

Drop-out and repetition rates are reportedly high. While full data is not available, 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.¹⁹ The MOE estimates that only 50 percent of the pupils who enter first grade manage to complete grade three. These rates imply extremely high cycle completion costs. Reduction of student wastage could increase the capacity of existing infrastructure as well as reduce the cost of producing a primary school completer.

¹⁸ USAID, *Ethiopia Education Sector Review*, 1993.

¹⁹ USAID, *Ethiopia Education Sector Review, Part II*, pg. 4.

Reform Objectives

Rationalized primary school teacher assignment and redeployment: To accomplish this objective, the BESO program will 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. The BESO program will also advocate redeployment of surplus teachers within regions to areas where they are needed. Within the context of the proposed revision of the teacher career structure and salary scale, an opportunity exists for establishing or reforming policies regarding incentives for teachers to accept assignments in rural areas, workload norms, and redeployment. BESO will advocate and can provide assistance, through the Prime Institutional Contractor, so that the potential for efficiency gains is considered in drafting the new teacher career statutes. Analysis of current assignment policies and the development of norms aimed at improving efficiency will be a condition for continuing BESO budgetary support.

Reduction of administrative and other overhead costs: The BESO program 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. In addition, the BESO Prime Institutional Contractor could provide assistance for an analysis of current patterns of employment of non-teaching personnel, and would advocate a reduction of these staff to only absolutely essential levels. Reduction of the share of the education budget consumed by administration of the sector will be a condition for continuing disbursement of non-project assistance.

Reduce repetition and dropout in primary grades: Numerous school, family, social and other factors combine to determine rates of student repetition and dropout. BESO, through the Prime Institutional Contractor, 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, the BESO program would support the articulation and implementation of policy reforms intended to remove school-based factors contributing to repetition and dropout.

Declaration of policy guidelines intended to promote and facilitate greater private-sector provision of educational services: There is currently little recognition of the potential role that the private sector might play in the provision of key educational services. A policy and regulatory environment that encourages private-sector involvement might present lower-cost, more efficient alternatives to centrally-provided public services. In conjunction with Supporting Objective 2, BESO, through the Prime Institutional Contractor, will support MOE initiation of an examination of the potential and actual involvement of the private sector in service delivery and will condition budgetary support on the introduction of policy or regulatory modifications to encourage greater involvement of the private sector.

Project Objectives

Support for policy reforms: As indicated in the discussion of the reform objectives linked to this BESO sub-objective, technical assistance, training, and project support would be provided as needed, through the BESO Prime Institutional Contractor, to help conduct analyses, develop policies and programs, and facilitate dialogue around policy

options intended to rationalize teacher deployment, control administrative and non-teaching overhead, reduce student wastage, promote competitive procurement, and address general issues of cost-effectiveness.

D. USAID Non-Project Assistance

The preceding detailed program description organizes BESO reforms and activities according to program supporting and sub-objectives. This is intended to illustrate the manner in which BESO program and project efforts will complement each other and combine to form a comprehensive assistance package. The reform objectives constitute those areas in which USAID feels important financial, policy, and/or institutional change is required to advance the BESO supporting objectives. These key reform elements of BESO are summarized and displayed in the Program Reform Matrix. The BESO non-project assistance will be tied to and intended to assist in the adoption and implementation of these reforms. The matrix organizes the reforms by supporting objective and, within each supporting objective, by sub-objective. They are also arranged in chronological sequence for the first three years of the BESO program, 1994-95 through 1996-97. Reforms that would take place beyond this first phase will be the subject of dialogue, discussion and negotiation during the first two years, and will be in part, based on the pace and relative success of the objectives initially identified at this stage.

The reform objectives targeted for the start-up of BESO include: i) assuring increases in resources for education, primary education, and non-salary inputs intended to enhance quality; ii) defining criteria, roles, and authorities of school directors, iii) analyzing factors affecting community involvement in schools and improvement of the school environment; iv) establishing commitment to evaluating the effectiveness of educational services; v) analyzing factors influencing girls' access and success in school; vi) laying the groundwork for improvements in TTI admissions and instruction; vii) establishing criteria governing the teacher training and certification process; viii) defining an operationally sound and cost-efficient approach to decentralized administration; ix) addressing inefficiencies in teacher assignment; x) pursuing greater private sector provision of educational services and schooling.

Successful implementation of the initiating activities will require: (1) analysis and precise specification of required organizational and functional changes, and related standards and criteria, (2) commitment by the TGE and the regional authorities to these reforms, and (3) a dialogue process which results in mutual understanding of the agreement on the purpose each reform serves relative to BESO objectives and the indicators of accomplishment. The policy dialogue process will involve center, regions, and subregions.

The intent of the Program Reform Matrix is to make explicit the reform framework within which the BESO program will operate. All of the reforms identified are considered important for the achievement of BESO objectives. However, within this overall framework, reform objectives are classified according to the extent to which USAID believes its sectoral objectives hinge upon their successful accomplishment. Those considered of absolute priority are included as conditions precedent to disbursement of budgetary support (they are outlined and shaded in the matrix, and explicated in Section VI). Those which USAID believes are of similar significance and are highly desirable, but for which progress will be monitored over the course of the

one to two years, are set up as covenants to either the first or second tranche of NPA (these are highlighted as bold text in the matrix). The implementation of the reform framework described by the Program Reform Matrix will be managed through the USAID-TGE interaction and dialogue described in Section IV, Parts A.1 and A.2.

Table 7: 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
<p>1.1 Stimulate parental and community involvement in primary school improvements and provide resources directly to schools and communities</p>	<p>Analysis of school governance structure and revenue patterns and policy</p>	<p>CP: Identification and elimination of constraints and barriers to local decision-making and revenue management</p>	<p>Governance structure in place that permits local decision-making and revenue generation and use</p>	<p>School governance structures in operation</p> <p>Significant increase and improvement in school-community linkages</p> <p>Schools generating and managing sufficient resources</p>	<p>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</p> <p>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</p> <p>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</p>
<p>1.2 Establish an Integrated School Leadership Development System</p>	<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 profiles 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>

15

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
1.3 Improve Teacher Motivation	Analysis of career structure and definition of improved terms and conditions of teacher service and development of plan for implementation	CP: Adoption of career structure encouraging and rewarding quality instruction at the primary level		Teachers performing competently Increased proportion of female teachers Teachers persist at primary level	3.4.7 A professional career structure will be developed for the professional development of teachers 3.4.6 The criteria for the professional development of teachers will be continuous education and training, professional ethics and teaching performance
1.4 Increase access and success of girls	Dialogue on constraints/barriers to girls' access and success	Develop equity standards and plan for achieving them	Codify policy regarding equity standards and undertake equity improvement interventions	Gap between boys' and girls' enrollment, persistence, completion narrowed substantially	3.9.5 The government will give financial support to raise the participation of women in education

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
COV Covenant agreed for corresponding tranche of budgetary support. Bolded, but not shaded nor outlined cells correspond to covenants.

76

Table 7: 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, ICDR and EMMA</p>	Cov: Carry out analyses and conduct policy dialogue 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>

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
 COV Covenant agreed for corresponding tranche of budgetary support. Bolded, but not shaded nor outlined cells correspond to covenants.

Table 7: 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 Provide greater managerial autonomy for TTIs	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 3.4.8 TTIs will function autonomously with the necessary authority, responsibility, and accountability
		Criteria for selection put in place Develop plan for staff development			
		CP: Adequate TTI recurrent budget for supplies, maintenance, and subsistence at Tigray and SEPR TTIs	CP: Adequate TTI recurrent budget at Tigray and SEPR TTIs		
		TTI plays increasing role in staff hiring and management	TTIs with increased autonomy and strong management capacity		

78

Table 7: 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	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			Functional roles and responsibilities between the various organizations involved in education clearly delineated	
4.2 Improve key administrative and management functions of the Tigray and SEPR Regional Education Bureaus		CP: Strategic plans from REBs in Tigray and SEPR linking capital and recurrent resource needs	CP: Improved Strategic Plans from REB 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
	Conduct functional audit of REBs in two focus regions	Staffing rationalized on basis of functional audit			

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
COV Covenant agreed for corresponding tranche of budgetary support. Bolded, but not shaded nor outlined cells correspond to covenants.

of

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
4.3 Improve administrative and management functions of selected 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
4.4 Improve the school support functions of selected 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		

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
 COV Covenant agreed for corresponding tranche of budgetary support. Bolded, but not shaded nor outlined cells correspond to covenants.

Table 7: 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 TGE Education and Training Policy
5.1 Increase the availability of non-salary resources for primary education	Cov: Commitment to adopting a process of defining Minimum Quality Standard (MQS)	Cov: Initial 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 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: Real increase of 50% over previous year in non-salary unit expenditures on inputs for primary schools in Tigray and SEPR</p>	<p>CP: Maintain education share of budget allocation at least 16%.</p> <p>CP: Increase share of education allocation for primary progressively towards 60%</p> <p>CP: Significant increase over previous year in non-salary unit expenditures on inputs for primary schools in Tigray and SEPR</p>	<p>Education budget share at least 16%; primary education budget share 60% of education budget; non-salary unit expenditures of at least 30 Birr per student</p>	3.9.1 The priority for government financial support will be up to the completion of general secondary education

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
 COV Covenant agreed for corresponding tranche of budgetary support. Bolded, but not shaded nor outlined cells correspond to covenants.

22

BESO Sub-Objectives	Year 1: 1994-1995	Year 2: 1995-1996	Year 3: 1996-1997	End of Program	Relevant TGE Education and Training Policy
<p>5.2 Reduce the burden on the public sector for the financing of education</p>	<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>Implementation of cost recovery program</p>	<p>Greater private contribution to the cost of education</p>	<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>
<p>5.3 Rationalize the allocation and use of resources within the education sector</p>	<p>Cov: Analysis of teacher assignment policies and deployment</p> <p>Cov: Commitment to pursue policies designed to promote private sector participation in the education sector</p> <p>Study repetition and drop-out</p> <p>Cov: Analysis of share of budget for administration</p>	<p>Cov: Norms established for teacher workload, assignment, transfer, etc.</p> <div style="border: 2px solid black; padding: 2px; margin: 5px 0;"> <p>CP: Introduce policies that encourage private sector procurement and reduce barriers to private sector</p> </div> <p>Develop plan for addressing drop-out and repetition</p> <p>Cov: Reduction in share of budget for administration</p>	<p>Established norms incorporated into REB strategic plans</p> <div style="border: 2px solid black; padding: 2px; margin: 5px 0;"> <p>CP: Reduction in share of budget for administration</p> </div>	<p>Achieve efficiencies in sector performance at regional level, especially regarding the deployment/utilization of teachers</p> <p>Significantly increased participation of the private sector in the production and distribution of education goods and services</p> <p>System administrative costs rationalized and minimized</p>	<p>3.4.12 Various steps will be taken to promote incentives to motivate teachers especially to those assigned in hardship areas.</p> <p>3.7.1 The participation of various organizations and individuals will be enhanced in the production, supply and distribution of educational support inputs</p> <p>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</p>

KEY: CP Condition Precedent to corresponding tranche of budgetary support. Shaded and double outlined boxes are CPs.
 COV Covenant agreed for corresponding tranche of budgetary support. Bolded, but not shaded nor outlined cells correspond to covenants.

E. USAID Project Assistance

While non-project assistance helps to create a policy framework for the overhaul of primary education, project assistance will help the ministry, centralized institutions, TTIs, regions, zones, woredas, and schools implement the reforms, manage the increased resources being made available, and carry out the training, grants management, research and other activities which will be required. Specifically, the project element of the program will be directed toward supporting the components listed below:

Policy Research, Analysis and Dialogue Support

To support informed dialogue and decisions around the policy reforms described under the BESO program element, the project will support the policy research, analysis and dialogue activities. Project-funded inputs will include 4 person years of long-term international technical assistance, 10 person months of short-term international technical assistance, at least 100 person months of contracts with local researchers, analysts and research institutions. These inputs will be used to assist the Central Ministry, REBs and TTIs to collect base-line information, conduct analysis, develop policies and facilitate dialogue around policy, institutional and operational reform-related topics relative to each of the five supporting objectives. Topics may include background research on policy options intended to: rationalize teacher deployment, control administrative and non-teaching overhead, reduce student wastage, promote competitive procurement and address the general issue of cost-effectiveness, legal status of school governance boards; community financing, female persistence as teachers; girls' success in primary school; terms & conditions of service of teachers and school directors; TTI staffing; book sector study. Logistical support sufficient to cover the costs of policy research will be provided by the project. Funds are also budgeted for conferences, workshops and seminars to convene policy makers and to discuss and build consensus on needed improvements. Participation in regional study tours and costs associated with disseminating results of research studies will also be covered under this component.

School-Based Quality Improvement

School Grants and Support: To raise school quality and address issues of equity at the school/ community level, the project will support a strategic planning support and incentive grant activity. Over the LOP up to a maximum of 1,500 schools will receive from \$500 to \$1,000 in assistance, and up to one-third of those schools which received previous BESO assistance will receive additional assistance of up to \$5,000 each. In areas where there are strong local NGO partners, cooperative agreements may be made to cover all costs of managing school grants and providing technical assistance to schools. Funding under this project component will cover the grant fund and all costs associated with managing that fund. This component will likely be administered under a cooperative agreement between USAID and an international PVO, and possibly under direct grants to strong indigenous NGOs.

School Leadership: A program of continuous field-based In-service training will be provided to school directors under the project element. A management training specialist will be based in one of the regions and will provide 2 years of long-term international technical assistance to coordinate the design and pilot test the implementation of the school director in-service training program. In addition, 30

person months of local short-term technical assistance will be available to design and produce the in-service training modules. 32 person months of local short-term technical assistance will be required to train trainers and pilot test the school director training. The project will cover local costs associated with developing and pilot testing the school director in-service training modules.

Equity: Project funds, possibly directed to a buy-in of a centrally-funded USAID/W project (e.g., GENESYS, HHRAA, ABEL II), will support: short-term technical assistance (international); in-country training; 3rd country study tours; conference attendance; local contracting for research and sensitivity training/action planning.

Quality-Related Services

Regional: At the regional level the project will provide 2 long-term international technical assistants: 1 in curriculum design and 1 in textbook design. Each will serve for 2 years and will cover both regions. In addition, the project will provide the regions with 12 person months of international intermittent technical assistance specializing in the design and evaluation of educational technology and 12 person months of intermittent technical assistance specializing in assessment and examination development. The project will provide the regions with 12 person months of international short-term technical assistance specializing in areas such as: training for outreach to regions, field research/case studies, and analysis of private sector potential. The project will also provide in-country training in pedagogical and cost-effectiveness evaluation techniques; regional study tours; US study tours on the topics of curriculum and educational media.

Pre-Service Teacher Training

To support the pre-service teacher training initiative, the project will provide 3 long-term international technical assistants for 5 years each specializing in teacher education, one to each BESO TTI. The project will also provide 16 person months of international short-term technical assistance in the following areas: gender related TTI issues (set-up female support system); professional certification; graduate tracking and support system; administration and management. Because USAID is fostering the development of three institutions, a substantial amount of equipment and supplies will be procured to enable the TTIs to function effectively. The project will provide each BESO TTI with one 4WD vehicle and up to \$250,000 in commodities and equipment such as: library materials; didactic materials; classroom furniture; and audio-visual equipment. BESO will also provide support for training including in country workshops, in-country conferences; and regional study tours. This component of the project will include long and short-term US-based participant training programs. In addition, the project will cover a modest amount of local costs such as: upgrading residential life for TTI students, setting up a graduate tracking system and providing incentives to increase female participants.

Decentralized Administration and Management

Central: At the central level, the project will provide 1 international long-term technical advisor for 4 years who will serve as the Prime Contractor's Chief-of-Party. This person will be assisted by a long-term locally-hired administrative assistant. 16 person months in international short-term technical assistance will be provided in areas such as: financial simulation, presentation design, and publication/dissemination. In order

to disseminate policy information, the project will provide assistance for central level policy personnel to: attend international conferences, participate on regional study tours. The project will provide participant training for US-based MAs in educational policy research as well as some US short-term training. To support central level activities, the project will provide one 4WD vehicle.

Regional: To support capacity building at the regional level the project will provide 4 long-term international technical assistants: 2 specializing in financial management and 2 in educational planning and information systems. These advisors will be based in the regional educational bureau offices for four years. The project will also provide the regional bureaus with 24 person months of international short-term technical assistance in: quality standards, procurement, materials management and distribution, office management, personnel management, computer training. The project will support training activities for regional level staff including: in-country workshops; regional country study tours; US-based short-term participant training programs. Long-term participant training will include US-based MAs in educational administration and educational planning. The project will provide TA support costs such as office equipment, operational budgets, and two 4WD vehicles.

Zone and Woreda-Level: At the woreda and zone levels BESO will provide short-term technical assistance (in conjunction with REB-level), workshops and conferences to support decentralization activities. Training at this level will include: in-country training programs, regional study tours, US-based short-term participant study (in conjunction with REB level). BESO will also provide selected woredas with modest amounts of commodities such as office equipment.

Monitoring and Evaluation

BESO will provide the following inputs for monitoring and evaluation: 20 months of international short-term technical assistance for research design and analysis; 40 person months of local short-term technical assistance for research design and analysis; 100 person months of local short-term technical assistance for data collection; funding for about 40 meetings and workshops; and local costs including transport and per diem to cover the costs of the monitoring and evaluation activities.

Audit

Funds are provided from years two through seven of BESO for audits of project activities as called for in the Standard Provisions for Audits or as deemed necessary by the Mission. In particular, annual audits are planned and budgeted for those grantees of BESO funds receiving more than US\$100,000 in any one calendar year.

Mission Management Support

Funds will be budgeted for two FSN Mission based staff members (a PSC Program Manager and a PSC Monitoring and Evaluation Specialist) and for short-term consultancies to carry out required monitoring, assess compliance with policy conditions and to assess systematically program impact. The project will provide the Mission with some logistical support including equipment (computers, desks, etc.) and operational support to complete their tasks.

F. Specific Constraints and Key Assumptions

BESO is being implemented in an environment of change and uncertainty. That environment undoubtedly provides opportunities for improving primary education; it also introduces constraints. The purpose of this section is to identify the constraints that are most apparent at this time so that early analyses and actions can aim to minimize their negative effects. Following is a discussion of the constraints related to each of the BESO supporting objectives and the assumptions that flow therefrom.

F.1 Constraints

Improved Quality and Equity at the School Level

BESO is designed to deliver results at the classroom level by intervening strategically at all levels of the primary education system. Ultimately, more learning should occur for more children. The constraints to quality and equity improvements are these:

- **Uncertain relationship between quality and enrollment.**
Quality improvements should attract and retain more students in school, but non-school factors may override the effects of school improvements.
- **Capacity and commitment at the community level**
Changes at the school level are relying to some extent on community involvement and the participation of nongovernmental organizations. The extent of the capacity and commitment at this level is not fully determined and not knowable until the project becomes operational.
- **The destabilizing nature of decentralization**
Decentralization imposes responsibilities for revenue generation and management on local schools. Schools are currently operating without clear guidance on funding and authority.
- **An ossified infrastructure**
The ability and willingness of the primary education infrastructure to deliver materials and services to the classroom level, particularly in more remote areas, is questionable. That infrastructure, nonetheless, will need to be relied upon to some extent in the near term while improved delivery mechanisms are being created.
- **Demoralized teachers**
An improving basic education system depends on teachers. Their training, conditions of service and ongoing support and supervision are all inadequate. The cost of comprehensive change is not yet known and the critical mix of changes needed to increase teacher motivation is only beginning to be understood.

- **Lack of standards**

While the system is called "sub-standard" by most informed observers, there is not a minimum standard against which schools can be assessed or budgets can be generated. The development of standards should reduce this constraint to effective planning.

Improved Efficiency and Effectiveness of Key Quality-Related Inputs

The development, production and distribution of textbooks, educational materials and other instructional aids are critical inputs to schooling, and there are a number of impediments to improving the quality and delivery of these services and materials.

- **Institutionalizing cost-effective thinking**

Strong central institutions have traditionally been responsible for the delivery of materials to schools. They have operated at undetermined cost without competition for years. Regions now have responsibility for delivering materials to schools, but their relationships with the central agencies are uncertain and sometimes tense, yet alternatives to the central agencies are not entirely clear. Managers need to think and act cost-effectively.

- **Regional capacity**

Regions have the responsibility, but not the capacity to develop and produce quality materials. This capacity will take time to grow and will depend on how service-oriented and supportive central agencies such as ICDR, EMPDA and EMMA are willing to be.

- **Language policy**

While holding the potential for improving the relevance of instruction, the use of mother tongue for instruction in grades 1-8 raises the cost of curriculum, media and materials and introduces significant additional costs and enormous potential to lower quality and efficiency. The system lacks the capacity to teach effectively in all the languages and cannot at this time write, produce and publish materials in all languages.

- **Remoteness of services from schools**

Curriculum, materials and media often have been irrelevant to children; often they have not reached the children at all. Reform needs to overcome constraints of tradition by bringing schools and communities into the process of creating instructional programs.

- **Limited options for service delivery**

Historically, the private sector has not participated in the provision of materials to schools in any meaningful way apart from sub-contracting to government as needed. Policies and practices presently do not encourage private activity in the primary education sector and options need to be

generated.

- Absence of meaningful student assessment

The quality of examinations and the lack of expertise in testing affects the ability of the education system to monitor student performance. There are few, if any, mechanisms for evaluating the effectiveness of curriculum and materials.

Improved Quality of Pre-Service Training

Quality teaching results from a long stream of actions including recruitment of entrants into the Teacher Training Institutes; preparation of those teachers using sound methods and materials; evaluation and certification of teachers; placement and support of teachers in the classroom; and conditions of service which encourage persistence and motivation in teaching. Intervention in one area probably is inadequate to change the quality of teaching. The problem is complex and constraints exist.

- Conditions of service

Teachers are underpaid relative to other professions. They work often with minimal resources and materials and have few incentives to improve the quality of their practice.

- Pre-Service facilities and programs

Teacher Training Institutes are under-resourced, inadequately staffed and have little authority to take initiative to improve the situation. The teacher education curriculum lacks relevance to what is happening at the primary school level.

- Uncertainties of decentralization

The improvement of teacher education will need to occur as TTIs and regions assume greater responsibility for teacher training and, most likely, greater pressure to generate revenue and reduce dependency on the center. The situation is in a state of flux and will affect interventions.

Improved Decentralized Management and Administration

Under BESO the improvement of primary education will need to be accomplished within the context of a changing system. The management capacity of the system could be a serious constraint to realizing BESO's aims.

- Regional and sub-regional administrative capacity

As responsibilities are devolved to the regions along with resources, regions and subregions need structures, personnel, procedures and systems to operate. Those systems are not yet in place. In the rush to create structures, there is a danger of wasting resources and pulling resources away from schools.

- **Regional and sub-regional planning capacity**

It is imperative that regional authorities gain the ability to plan strategically, budget and use data to make decisions. At present there is a planning capacity, but it is neither data-based nor effectively costed with capital and recurrent budgets tied to one another.

- **Regional and sub-regional monitoring capacity**

Schools do not have a tradition of nor adequate information to monitor their performance. Feedback systems are inadequate. Local participation is limited.

Limited capacity is coupled with uncertain delegations of authority. It may be difficult for BESO to know where responsibility and accountability for a given objective is located.

Increased and More Rational and Efficient Sectoral Financing

The scarcity of public resources necessitates urgent attention to fund raising and reduction of wastage. Resources are insufficient for primary education and they are not effectively managed.

- **Insufficient funds**

The Government's commitment to education in general and to primary education in particular is impressive. Nonetheless the need to increase resources for primary education by 50% in the next six years is a heavy demand. It will require the implementation of a variety of policies and programs to stimulate cost saving, cost sharing and private participation. New sources of funds must be attracted to the sub-sector.

- **Wastage of resources**

Resources presently are not directed to solving the biggest problems in primary education. In general, budgeting is not linked to program improvements and inefficiencies are widespread.

- **Understanding the cost of quality, access and equity**

While the Government's own objectives are well-reflected in the BESO program, there is little experience with or capacity to analyze the costs associated with attainment of very desirable standards. Policy analysis and planning skills are needed throughout the system.

F.2 Assumptions

BESO implementation begins with the assumption that transition and uncertainty will continue to be a part of the operating context for primary education. The design, therefore, builds in the requirement that the Program is frequently reviewed and adjusted annually to respond to changes as they occur. Further, the Program assumes:

- Information will contribute to primary education system improvements

BESO supports the notion that information is a strategic tool. BESO emphasizes planning, EMIS, feedback and dissemination, monitoring and evaluation, testing and other means to generate data for decisionmakers. BESO assumes that more and better information will contribute to better decisions and actions.
- School level improvements can lead to system-wide change

By fostering small-scale innovations, BESO will demonstrate changes that can and will be adopted and adapted appropriately throughout the system. BESO is built in part on the assumption that "bottom-up" is workable.
- Decentralization can occur without bringing the system to a halt

With sufficient technical support to regions and sub-regions and with policy dialogue at the top, BESO can support a changing system and still keep resources flowing to the schools for expansion and improvement. It is assumed that the capacity to plan at these levels will lead to good decisions about minimizing spending on administrative apparatus.
- People change their attitudes

It is possible to identify and affordable to introduce incentives into the education system that will attract children to schools, teachers to teaching and teacher trainees to primary teacher education programs. When BESO introduces a host of system improvements, it is assumed that people will find new reasons to want to be part of primary education.
- Training changes performance in sustainable ways

BESO will support training of various kinds at all levels of the system. BESO makes the assumption that training of teachers, administrators, analysts, policy-makers, parents and others will lead to lasting changes in behavior, performance and attitude if properly encouraged and supported within the education system.
- Good will outweigh factionalism

System-wide improvements in education rely on willingness to cooperate and collaborate and to share resources. The BESO design assumes that the spirit of cooperation will not be wiped out by self-interest within regions given priority to and/or within institutions that need to change their way of doing business.

It goes without saying that BESO relies on a Government that continues to support primary education. It assumes that policy changes will be enacted and that intentions can attract resources. A cooperative and open spirit between USAID and the TGE accompanied by a genuine commitment to collaboration and to support for operating structures will make it possible to minimize constraints as they become evident.

G. Anticipated Program Impact

BESO is designed to impact the entire primary education system in Ethiopia. The expected achievements and impacts of BESO can be categorized into four areas: (1) improvements in school-level quality and equity; (2) improvements to quality-related school inputs; (3) improvements in teaching force quality and equity; and (4) improvements in regional and sub-regional administrative and management capacity. Achievements and impacts in each of these areas can be viewed in the short, medium, and long-term and in terms of policy, institutional, and school-level achievements. Program impact in the near term focuses on the expected accomplishments during the initial three-year period of the program. Accomplishments of the medium-term objectives (over the last four years of BESO) assumes the availability of broad-based donor support to help finance what is seen as a longer-term commitment. It also assumes continuing political stability and relatively strong economic performance. A summary of the expected achievements and impact of the BESO is presented in Table 8.

The most important impacts are those that will be realized at the level of the student in the classroom who will proceed from school to productive work and effective participation in family and community life. But in order to reach the student, the educational delivery system must change. In order to improve the quality and equity of Ethiopia's primary education system, BESO must impact on communities and parents, teachers and school administrators, institutions and various levels of the delivery system:

Impact on Students

As a result of BESO, students will leave primary school with skills that are adequate for wage employment, care of the family and participation in government as responsible, informed citizens. Students in increasing numbers will attend school, will successfully complete programs of study and will demonstrate that they have acquired the skills and knowledge that are fundamental to primary schooling. Eventually, girls will enter and complete primary school at a rate equal to boys. Important indicators of impact on students will include:

- Increased rates of enrollment in general;
- Increased rates of enrollment for girls;
- Improved pass rates;
- Increased rates of persistence;
- Improving achievement in basic skills.

Impact on Communities and Parents

Communities will become better able to govern their schools and to raise and invest resources wisely. Parents will increasingly attach value to schooling and will send their children to school, provide time for study and increase their participation in school affairs. Important indicators of impact on communities and parents will include:

- Increased prevalence of operating and effective school governance structures;
- Increasing contributions to schools by communities and parents;
- Greater frequency of community-school events;
- Greater involvement of nongovernmental organizations in efforts to improve

primary schools and solve problems related to barriers to education.

Impacts on Classrooms and Schools

Apart from the effects on children, teachers and administrators, schools will change under BESO. Indicators of improving quality will include:

- More and better facilities;
- Increasing access to electricity, water and other services;
- Supply of quality materials;
- More and better furniture and working equipment;
- Teacher housing.

These indicators are illustrative and will vary among schools.

Impact on Teachers

Primary school teachers who are affected by the BESO Program will be more motivated to teach, will persist in a teaching career and will improve their teaching skills and methods. They will be expected to experience greater professional satisfaction. More females will serve in the primary teaching corps. Indicators of improvements in teacher will be indicated by:

- Improving proportion of qualified teachers;
- Improved teacher education exit standards and increasing teaching competency;

Impact on Teacher Training Institutes

Teacher Training Institutes will become more inviting facilities due to physical improvements and more effective training programs. Faculty will be motivated to teach and women will appear among both student and teacher ranks in greater numbers. Indicators of impact on teacher training institutes will be:

- Increased applications from higher caliber students;
- Increased funding and related improvements to facilities and furnishings;
- Higher completion rates.

Impact on Administrators

Primary school administrators should be impacted by BESO in a variety of ways. Through training and professional support and supervision, they should become instructional leaders and demonstrate skills in management and support of teachers. They should experience a more supportive administration evidenced by on-time delivery of books and materials, supportive supervisory practices and greater involvement/consultation in decision-making. Indicators of impact on school administrators include:

- Improved competency,
- Increased motivation to assume administrative responsibilities.

Impact on Regional Structures

A shift of power from the center to the regions should be experienced in tangible ways. Resources will flow to regions and regions, in turn, will be able to create more efficient and effective practices. Regions will acquire capacities to plan and to develop, produce and evaluate curriculum and materials; they will be centers of accountability. Impact indicators will include:

- Improved strategic plans;
- Achievement of management efficiencies;
- Increasing expenditure on non-salary, quality inputs;
- Improved capacities to develop, produce and distribute texts, materials and media.

Impact on the Central Administration and the System as a Whole

The MOE under BESO is expected to become central in policy analysis, policy formulation and program coordination. It will shift much of its effort away from line operations to support functions. The roles of central agencies such as ICDR, EMPDA and EMMA will shift in parallel ways with respect to primary schools. In general, BESO should result in greater interagency collaboration and greater efficiency in operations. The indications of impact at the central level will be:

- Increased policy analysis and planning capacities;
- Improved information management systems;
- Reduced wastage and improved efficiencies in student flows;
- Increasing resources flowing into primary education from public and non-public sources;
- Mechanisms that foster cooperation and support to regions.

While all of the indicators of impact that have been detailed in the preceding pages are important, no single effect will have spread throughout the system by the time BESO is completed. BESO will foster isolated experiments and will demonstrate limited successes. By the completion of BESO, those successes will be in the replication process. Therefore, it will be important to expect different results in different settings. Some schools will change in one way; some will change in another. Regions and sub-regions, too, will show great variation. Variations are to be expected and allowed while the system is learning how to improve itself.

A special note is required regarding equity. BESO plans to deal forcefully with inter- and intra-regional resource disparities as well as with gender inequities. In the first area, BESO's budget conditionality and project support to improved, more analytically based systems for budgeting both at the center and the regions will yield allocations which are more rational in terms of directing resources to historically neglected regions and parts of regions -- a high TGE and sector priority. Though it will be possible for BESO to monitor and report on such allocation decisions, it will be beyond the program's ability to measure their impact, except in the two regions of concentration.

Similarly, anticipating the impacts from BESO's gender equity enhancing efforts is difficult at this stage. This is for two reasons. First, program support to get more female educators into the system (e.g., more female head teachers, more female TTI staff and students, and more female teachers assigned to remote schools), is justified not just on the benefits to these individuals, but more importantly in sector-level terms. Research demonstrates the positive synergies that successful female professionals

(teachers, administrators, managers) exert on girls and their parents faced with decisions of entering or continuing in school. But this relationship is indirect and of long gestation; impact is therefore protracted and difficult to predict.

Second, in BESO's school improvement initiatives, attention will be given to improving the learning environment with more gender sensitive teachers and curricula, and with other deliberate efforts to attract more girls to enroll. However, experience with female education promotion efforts elsewhere has taught that interventions must be carefully tailored to the community and cultural settings in which they are to be applied. Many programs that have succeeded in one area, have not yielded results in neighboring communities. These cautions notwithstanding, BESO is committed to work toward, monitor and report on gender improvements.

Table 8: Expected Achievements and Impact of BESO

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)
<p>Teaching Force Quality & Equity Improvements</p>	<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)
<p>Regional & Sub-Regional Administrative and Management Capacity Building</p>	<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.

H. Financial Analysis and Plan

H.1 USAID Contribution

Summary Cost Estimates

Over the seven year LOP, USAID will contribute US\$50 million in non-project assistance and US\$30 million in project assistance from Development Fund for Africa (DFA) funds.

The summary of the USAID budget is shown in Table 9. Detailed budgets by project components are shown in Annex H.

Table 9: Summary Cost Estimate And Financial Plan (US\$000)

BESO Non-Project/Project Assistance	FX	LC	Total
Non-Project Total	\$50,000	\$0	\$50,000
Project Components			
Policy Research Analysis & Dialogue	1,585	625	2,210
School Based Quality Improvements	2,110	7,380	9,490
Quality-Related Services	1,655	45	1,700
Pre-Service Teacher Training	4,925	355	5,280
Decentralized Admin & Mgmt	6,238	815	7,053
USAID Management Costs	985	555	1,540
Mission Program Management	(10)	(330)	(340)
Audit	(300)	(0)	(300)
Monitoring & Evaluation	(675)	(225)	(900)
Project Sub-Total	17,498	9,775	27,273
Contingency & Inflation (10%)	1,750	977	2,727
Project Total	\$19,248	\$10,752	\$30,000
Total Program Assistance	\$69,248	\$10,752	\$80,000

USAID support for foreign exchange and local costs includes an inflation/contingency factor of 10% per annum. BESO Project will finance the following project components:

Policy Research, Analysis & Dialogue Support

To support informed dialogue and decisions around the policy reforms described under the BESO Program, the Project will support various policy research, analysis and

dialogue activities. Short-term technical assistance (TA) from both local and international researchers and necessary logistical support have been provided for. These individuals will assist the Central Ministry and REBs conduct analysis, develop policies and facilitate dialogue around policy reform related topics.

This project component will also finance costs for conferences, workshops and seminars for policymakers and others involved in the analysis process. Additionally, the Project will provide resources to carry out the research needed to enact educational change by supporting approximately 25 studies to provide background research and baseline information on institutional and operational reform.

School Based Quality Improvements

a. School Grants and Support

To raise school quality and address issues of equity at the school/community level, the Project will support a strategic planning and incentive grants activity. Over the LOP up to a maximum of 1,500 schools will receive from \$500 to \$1000 each in assistance and one-third of those schools which received previous BESO assistance will each receive up to an additional \$5,000 of assistance.

In areas where strong local NGO partners exist, cooperative agreements may be entered into to cover costs of managing school grants and providing technical assistance to schools. Funds have also been provided for 1 long-term international project director, 2 long-term local project staff, 2 local field coordinators and 150 local field staff.

b. School Leadership

A program of continuous field-based in-service training will be provided to school directors under this project element. An international management training specialist will be based in one of the regions and will provide two years of long-term TA to coordinate the design and pilot test the implementation of the school director in-service training program.

In addition, 30 person months of local short-term TA will be available to design and produce the in-service training modules. Further, 32 person months of local short-term TA will be required to train trainers and pilot test the school director training. The Project will cover local costs associated with developing and pilot testing the school director in-service training modules.

c. Equity

Project funds have been set aside, possibly to be used through a buy-in to a centrally-funded USAID/W project (e.g., GENESYS, HHRAA, ABEL II), to provide short-term TA, in-country training, conferences and workshops.

Quality-Related Services

At the regional level the project will provide 2 long-term international technical assistants in curriculum and textbook designs. Each will serve for 2 years and will cover both regions. In addition, the project will provide the 2 regions with 12 international intermittent long-term technical assistants specializing in design and

evaluation of educational technology and 12 person months of intermittent technical assistance in assessment and examination development as well as 12 person months of international short-term technical assistants specializing in areas such as: training outreach for regions, field research/case study and analysis of private sector potential.

This project component will also finance in-country training in pedagogical and cost-effectiveness techniques.

Pre-Service Teacher Training

To support the pre-service teacher training initiative, the project will provide 3 long-term international technical assistants for 5 years each specializing in teacher education 1 to each BESO TTI. In addition, approximately 16 person months of international short-term TA will be provided in the following areas: gender related TTI issues (set-up female support system); professional certification; graduate tracking and support systems; and, administration and management.

Because USAID is fostering the development of three TTIs, a substantial amount of equipment and supplies will be procured to enable the TTIs to function effectively. The Project will therefore provide one 4WD vehicle and up to \$250,000 in commodities and equipment (such as library and didactic materials, classroom furniture and audio-visual equipment) to each BESO TTI.

This Project Component will also support local costs for in-country training and workshops.

Decentralized Administration and Management

a. Central

At the central level, the Project will provide 1 international long-term technical advisor for 4 years who will serve as the Prime Contractor Chief-of-Party. 16 person months of international short-term TA will also be provided in areas such as: financial simulation, presentation design and publication/design.

The project has also set aside funds for 2 US-based MAs in educational policy research and for attendance of local and international conferences and workshops.

b. Regional

To support capacity building at the regional level, the project will provide 4 long-term international technical advisors, 2 specializing in financial management and 2 in educational planning and information systems. These advisors will be based in the REBs for 4 years. The Project will also provide the REBs with 24 person months of international TA in quality standards, procurement, materials management and distribution, office management, personnel management and computer training.

The project has also set aside funds for 4 US-based MAs in educational administration and planning and for attendance of local and international conferences and workshops.

c. Zone and Woreda-Level

At the Zone and Woreda level, BESO will provide short-term TA, and support costs for workshops, in-country training, US-based training, conferences and limited equipment.

Contractor Management

The Project will provide funds for 1 long-term resident technical advisor (Chief-of-Party), 1 local long-term administrative assistant, and other related costs, including a vehicle, operational and office-support costs. Procurement of office furniture and other equipment (e.g., vehicles, spare parts, computers and software) financed under the Project will be carried out, for the most part, by the U.S. institutional contractor in conformance with U.S. Government regulations.

Mission Management Support

Funds have been budgeted for 2 mission based FSN staff (program manager and monitoring and evaluation specialist). The budget includes costs for salaries and benefits for the FSN staff and office operations.

Monitoring, Evaluation and Audits

The overall project budget allocates \$0.9 million for monitoring and evaluation to be expended through buy-ins and contracts with local consultants. In addition, \$0.2 million has been set aside for regular non-federal audits to be implemented under REDSO/ESA or USAID/W IQC's arrangements.

H.2 USAID NPA and Project Obligation and Disbursement Schedules

The schedules for disbursing non-project and project funds take into account USAID's likely operating year budget, yearly intervals for assessment of policy reform and the pace at which project inputs will be provided. The Project will be financed with incremental obligations over 8 fiscal years (i.e. FYs 1994-2001) to ensure that adequate resources are available for start-up cost and timely completion. The initial obligation will be for \$16 million in FY 1994, \$8 million for the NPA and \$8 million for the Project. Table 10 indicates the anticipated obligation and disbursement/expenditure stream for the NPA and Project along with estimates of pipeline over the LOP, assuming the Program is authorized and obligated in late FY 1994.

Table 10: BESO Schedule of Obligations & Expenditures by FY (US\$)

	FY-94	FY-95	FY-96	FY-97	FY-98	FY-99	FY-00	FY-01	FY-02
Non-Project Component									
Annual Obligations	8,000,000		8,000,000	8,000,000	7,000,000	7,000,000	6,000,000	6,000,000	
Cumulative Obligations	8,000,000	8,000,000	16,000,000	24,000,000	31,000,000	38,000,000	44,000,000	50,000,000	50,000,000
Annual Expenditures	0	8,000,000	8,000,000	8,000,000	7,000,000	7,000,000	6,000,000	6,000,000	0
Cumulative Expenditures	0	8,000,000	16,000,000	24,000,000	31,000,000	38,000,000	44,000,000	50,000,000	50,000,000
Unexpended NPA Pipeline (end FY)	8,000,000	0	0	0	0	0	0	0	0
Project Component									
Annual Obligations	8,000,000	0	3,000,000	4,000,000	5,000,000	5,000,000	3,000,000	2,000,000	0
Cumulative Obligations	8,000,000	8,000,000	11,000,000	15,000,000	20,000,000	25,000,000	28,000,000	30,000,000	30,000,000
Annual Expenditures	0	1,900,195	6,027,020	6,122,176	5,510,584	4,695,489	3,219,022	2,324,323	201,190
Cumulative Expenditures	0	1,900,195	7,927,215	14,049,391	19,559,975	24,255,464	27,474,486	29,798,810	30,000,000
Unexpended Proj Pipeline (end FY)	8,000,000	6,099,805	3,072,785	950,609	440,025	744,536	525,514	201,190	0
Total Program									
Annual Obligations	16,000,000	0	11,000,000	12,000,000	12,000,000	12,000,000	9,000,000	8,000,000	0
Cumulative Obligations	16,000,000	16,000,000	27,000,000	39,000,000	51,000,000	63,000,000	72,000,000	80,000,000	80,000,000
Annual Expenditures	0	9,900,195	14,027,020	14,122,176	12,510,584	11,695,489	9,219,022	8,324,323	201,190
Cumulative Expenditures	0	9,900,195	23,927,215	38,049,391	50,559,975	62,255,464	71,474,486	79,798,810	80,000,000
Total Unexpended Pipeline (end FY)	16,000,000	6,099,805	3,072,785	950,609	440,025	744,536	525,514	201,190	0

H.3 Government of Ethiopia Contribution

Section 110 of the Foreign Assistance Act (FAA) of 1961, as amended provides that a recipient country of grant assistance will provide or furnish at least 25 percent of the costs of a program or project activity, and that such a contribution can be borne by the country on an "in-kind basis." FAA Section 124(d) authorizes a waiver on a case-by-case basis of this requirement for programs or projects financed in relatively least developed countries (RLDCs). USAID Handbook 3, Appendix 2G, Section E2B states that this includes countries on either the UN General Assembly list of RLDCs or the Development Assistance Committee (DAC list of low income countries). Additional considerations for granting a waiver include an assessment of financial constraints, country commitment and the nature of the program or the activity.

Ethiopia is on both of the aforementioned lists. Furthermore, it continues to face serious financial constraints and budgetary pressures that are very likely to extend to over the LOP of BESO program. From the perspective of the country commitment, over the past 2 years it has demonstrated strong support for reorienting and restructuring the education sector in directions that are entirely compatible with sound development practices and USAID priorities. It has also indicated a strong interest in collaborating with USAID (and other donors) to reform policies, regulations and institutional systems that would support the aims of increasing resources for primary education. Finally, the very essence of BESO program is to support Ethiopia's ability to increase resources provided for the sector, leverage additional donor investment in the sector, and improve the quality of resources already available in the sector. On the basis of the above considerations, the Mission has not included any formal TGE contribution to the BESO Project. Instead, the Mission has obtained AA/AFR approval for a waiver from the Section 110 requirement of a minimum 25% TGE contribution to the project. Although this requirement has been waived, it is expected the TGE and the Regional Administrations in SEPR and Tigray will provide the following support and assistance to the project:

- office space for the technical advisors in their assigned organizations;
- secretarial, administrative, logistic and utilities support for the technical advisors, as normally provided to other staff members of their assigned organizations;
- assistance in locating appropriate rental housing for the residential technical advisors to be based in SEPR and Tigray, and expedite as needed the provision of utility services (electricity, water, telephone) to these properties.

H.4 Reasonableness of Cost Estimates

The financial analysis shows the cost estimates developed for this project to be reasonable and in line with actual costs of other USAID projects in Ethiopia. The cost for TA, equipment and supplies are based upon actual current costs incurred or projected by on-going USAID projects. The cost estimates for FSN contractors are based on current FSN salary levels. Cost for local training and attendance to workshops/seminars are based on actual costs charged by training institutions/facilities in Ethiopia.

Although USAID's contribution to this project has been tightly budgeted with only 10% allowance for inflation and contingencies, the total project budget is deemed to be

adequate because over half of the costs are local currency based. This allows for savings as the U.S. Dollar appreciates against the local currency (Birr). However, if major cost over-runs arise these will have to be met either by a reduction in the level of activity or by increasing the level of funding from other sources.

H.5 Methods of Implementation and Financing

Table 11 illustrates of the methods of implementation and USAID financing required by this project.

Table 11: Illustrative Methods of Implementation and Financing

Type of Assistance	Implement Method	Finance Method	Amount (US\$000)
Contract, Cooperative Agreement - TA, Equipment and Supplies, Other Direct Costs	Handbook 13 Grant, Cooperative Agreement, Direct Contracts	Direct Payment, Letter of Credit	\$17,000 (Prime Contract)
			\$6,000 (U.S. PVO)
			\$1,000 (Local NGOs)
			\$1,000 (Other Local Institutions)
			\$732 (Buy-ins/IQC's)
Mission Management	Direct (PSC) Contract	Direct Payment	\$340
Monitoring and Evaluation	Direct Contracts, USAID/W Buy-ins/ IQC's	Direct Payment	\$900
Audit	Direct Contracts and/or USAID/W or REDSO/ESA IQC's	Direct Payment	\$300
Contingency and Inflation			\$2,728
Total			\$30,000

I. Monitoring and Impact Assessment

I.1 Purposes of the BESO Monitoring and Evaluation Component

The comprehensive monitoring and evaluation component of Ethiopia's Basic Education Sector Overhaul (BESO) Program/Project is designed to achieve four purposes:

- a. Meet the USAID requirements for demonstrating BESO's progress, impacts and satisfaction of conditionalities;

- b. Strengthen the management of basic education reform in Ethiopia and improve implementation at all levels of the primary education system;**
- c. Build the capacity of the primary education system to monitor and evaluate its own performance;**
- d. Disseminate promising primary education practices to schools, districts and regions throughout Ethiopia.**

I.2 Substantive Focus of Monitoring and Evaluation

BESO aims to overhaul four aspects of the system of primary education in Ethiopia; they are financing of education, management of education, quality of education and equity of education. The monitoring and evaluation system will capture changes in each of these aspects and at appropriate levels of the system including national, regional/ sub-regional, institutional, community and school levels. Further, the monitoring and evaluation scheme will illustrate how the changes in the education system impact on children.

I.3 Strategies for Monitoring and Evaluation

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.

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.

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).

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.

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.

I.4 The Starting Point - Creating the BESO Baseline

The baseline data for the BESO Program should be collected early in implementation, primarily during the first year. Much of this will be carried out by BESO's M&E Services Contractor. 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.

I.5 Managing the Monitoring and Evaluation Function

The monitoring and evaluation function will be managed by a senior FSN specialist at USAID reporting directly to the HID Office Chief. He/she will work closely with the 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.

IV. IMPLEMENTATION PLAN

A. TGE and Mission Management

A.1 Mission Management

Within the Mission, the Human and Institutional Development (HID) Office will provide overall management of the BESO program. This office is headed by a USDH Supervisory General Development Officer who will serve as the USAID BESO Program and Project Officer. In addition, within the HID Office a BESO program management unit will be established to manage the BESO NPA and Project Assistance. The unit will consist of the following two professional FSN officers:

1) BESO Program Manager (FSN) who will manage the overall activities associated with implementation and evaluation of the BESO NPA and the BESO Project and advise USAID on all relevant TGE and donor policies and activities relating to the education sector.

2) Monitoring & Evaluation Specialist (FSN) who will oversee the implementation of the monitoring and evaluation component of the BESO, manage Mission contracting for special studies related to that component, and establish the USAID internal BESO database and reporting system to fulfill USAID/Ethiopia reporting requirements associated with the implementation of BESO and pursuit of the education-related strategic objective. The M&E Specialist will be supervised by the BESO Program Manager.

In addition, an NGO Coordinator (FSN) located in the HID Office, whose primary responsibility will be to lead USAID design and management efforts of a new NGO Project, will assist the BESO Program Manager with management of the NGO components of the BESO Project.

A BESO Program Committee will be established within the Mission to review program/project progress, representatives of which will meet frequently with the MOE, MOF, MOPED, MEEC, the focus regions' representatives, the prime contractor and other relevant entities.

A.2 TGE 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. The BESO CCC will receive reports from the BESO Primary Education Policy Research and Evaluation Working Group, 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 tranche 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 BESO Program Manager at USAID will have responsibility for communication with and support to the three committee chairs. The USAID monitoring and evaluation

specialist will have responsibility for communication with and support to the Working Group. The USAID prime contractor's Chief-of-Party will have responsibility for interacting with the USAID Program Committee and BESO CCC and RCCs, as needed. The establishment and regular operation of the required management committees will be included as conditions precedent to the disbursement of the first tranche of budgetary support.

B. Implementing the Policy Framework

The BESO program's NPA component consists of an USAID-TGE agreed policy framework for reform in the education sector covering the life of the program. Policy objectives have been identified and agreed to as an outline for reform implementation during that period. A sub-set of policy objectives have been identified as conditions precedent and covenants to the first and second tranches of NPA budgetary support. 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 the achievement of BESO objectives to constitute legally binding conditionality. The following paragraphs outline a regular process through which policy objectives can be discussed, reform progress evaluated, conditionality agreed to, and compliance with conditions demonstrated.

In addition to regular, continuous contact between USAID and parties involved in the implementation of the BESO program, management of the policy framework will require more structured interaction. As described above, one element of this will consist of the establishment of the necessary central and regional oversight and management structures within the TGE: the BCCC and two BRCCs. Effective management of the negotiation of agreements and reporting on reform progress will also necessitate a formal Annual 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 from USAID to the TGE.) These responsibilities make up the review, or backward looking aspects of the Annual Review process.

The Annual Review will also have a forward looking component. The assessment of program progress and reform status would provide the basis for reaching agreement on reforms which all parties think are 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 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.

This annual review and negotiation process would be legally summarized in an official Letter of Intent (LOI). A Letter of Intent represents the TGE commitment to implement the agreed to policy reforms. Its content should be limited to those elements of the policy framework USAID and the Government have agreed are the priority reforms for the coming year.

C. NPA Dollar Resource Transfer and Local Currency Tracking

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). The conditionality for the first and second year NPAs and the general conditionality goals for subsequent years are defined in Section VI.

C.1 Use of the NPA Dollar Cash Grants

Under the Development of Competitive Markets (DCM) Program, commodities including fertilizer, cotton, trucks, and pharmaceuticals were imported. Some of these commodities were used by the public sector and others were sold to the private sector generating local currency. This approach was not deemed a viable option under BESO.

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 the 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.

A PIO/T has been issued for audit of both Dollar use and Local Currency use under DCM. This audit is scheduled for August with the results available in September, 1994. The DCM audit results would provide valuable information on how to manage local currency generations 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 service is for money 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 U.S. Government and multilateral debt service. The acceptability of this option was confirmed by PPC in July, 1994 through an exchange of electronic mail messages which are on file in HID. This option would free the TGE from budgeted debt service payments and would free up resources which could then be applied to the Education Budget. Under the debt service 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 report, the only option which may be immediately available is that of debt service payment. As a result, debt service payment is the preferred option selected during the first year, and probably the second year of the NPA.

D. Project Assistance Arrangements

It is estimated that the project and cooperative agreement portions of the BESO Program will require a budget of US\$30 million over a seven year period to finance the foreign exchange and local currency costs associated with providing the technical assistance, training, equipment, commodity, evaluation, audit and other costs associated with implementing the overall Program and Project.

A Project Agreement (Pro Ag) will be signed between USAID and the TGE to endorse the objectives of the project activities and to provide for duty-free entry of project financed commodities/equipment and contractor personal effects. The procurement plan for each of the major project funded procurements (prime contractor, cooperative agreement grantee, start-up buy-in, in-house Program Management, evaluations, and audit) are described below.

D.1 Prime Contractor

The majority of project funds are planned to be disbursed through a competitively (full and open) selected prime contract. Since there is no central USAID education project which is designed to accept buy-ins of more than about \$1 to \$2 million, there is no option other than to award a new contract through a competitive process. In order to minimize the time required for the contractor selection, a Commerce Business Daily (CBD) advertisement will be drafted and will be sent to the REDSO/ESA Contracting Office. That office will issue a CBD Notice requesting expressions of interest within 30 days from the date of the notice.

Given the complexity of the project work in five supporting objectives, it is anticipated that the successful Prime Contractor will need to line up a number of subcontractors in order to cover the skill areas required by the work. If the proposer is not itself a qualifying 8a (Gray entity) firm, then one or more of the subcontractors, representing at least 10 percent of the total contract cost must be included in the proposal. In addition, the Prime Contractor will need to arrange one or more contracts with local firms to provide Ethiopian professional and support services for the conduct of field investigations, studies, data analysis, technical assistance support to the focus regions and the central MOE, in-country training, and locally procured commodities.

Immediately after the Pro Ag is signed, HID will draft the Scope of Work, Estimated Level of Effort, In-House Cost Estimate, and Technical Selection Criteria to be included in a draft PIO/T which will be sent to the REDSO/ESA Contracting Office to enable them to begin preparing the Request for Proposals (RFP). In total, based upon experience with similar competitive procurements, the contract award plus contractor mobilization is likely to take 9 to 12 months from the Pro Ag signing which is scheduled for September, 1994.

D.2 Cooperative Agreement

The grants to PVOs/NGOs, which represent a major BESO Project activity, will for the most part be managed under a separate Cooperative Agreement to be awarded to an international PVO.

Given the complexity of the school grants work it is anticipated that the international PVO will need to line up a number of sub-agreements with local NGOs in order to cover the skill areas required by the work. Where sufficient capacity exists within indigenous NGOs to manage a portion of the grants program, consideration will be given to providing grants directly to these indigenous NGOs, thereby bypassing the international PVO.

After the Program and Project are authorized, HID will draft the Scope of Work, Estimated Level of Effort, In-House Cost Estimate, and Technical Selection Criteria to include in a draft PIO/T which will be sent to the REDSO/ESA Contracting Office to

enable them to begin preparing the Request for Quotations (RFQ). In total, based upon experience with similar competitive procurements, the grant award plus grantee mobilization is likely to take 9 to 12 months from the Pro Ag signing which is scheduled for September, 1994.

D.3 Start-Up Buy-In

During the interim period before the prime contractor is mobilized, a buy-in to a USAID/W central education project will be executed for short-term technical assistance to kick off critical efforts in some or all of the five supporting objectives.

D.4 Short-term Initial Technical Assistance

In addition to the above, in order to undertake essential activities for informing early implementation strategy and priorities, short-term technical assistance, both international and local, will be provided under a buy-in arrangement with a central USAID/W education project and/or through direct local contracts. These activities are likely to be organized around a series of studies that examine conditions, analyze constraints, establish frameworks and baseline, and research policies pertinent to subsequent BESO interventions.

D.5 In-House Program Management

Project funding will also be used to finance the salary and support costs of the BESO Program Manager and Financial Management Specialist. The required FSN contracts will be executed by the USAID/Ethiopia Executive Office.

D.6 Audits

BESO Project and Program audits will be arranged through local auditing firms or under the regional IQCs managed by REDSO/ESA/RIG/A and REDSO/ESA/CON. It is assumed that where BESO project funds are used to buy-in to USAID/W projects, audit provisions and requirements will be directly handled by USAID/W.

V. SUMMARY FEASIBILITY ANALYSES

A. Cost Benefit Analysis

The accomplishment of BESO's purpose of improving the quality and equity of an expanded primary education system will result in several people-level benefits for Ethiopia. In general, helping improve the ability of the education system to produce fourth and eighth grade completers who are better skilled in the fundamentals of basic education will contribute to the improvement of the country's human resource base. An improved human resource base would be manifested in many important ways including: increased labor force productivity, improved household income, improved health and living conditions as evidenced by such indicators as reduced infant mortality, lower fertility, and increased life expectancy.

The relationship between a more educated population and the benefits listed above is so well researched and documented that it can be taken as given. It would be difficult to dispute that Ethiopia needs to improve its human resource base in order to develop economically, socially and politically. And investing in basic education is a critical foundation from which the country's long-term human resource needs can begin to be met. Rather than spend time rejustifying investment in education on the basis of the economic and social returns associated with a more educated population, the economic rationale for the BESO program is constructed on the basis of the benefit to the education system itself for selecting to implement this particular program.

To justify the value of the investments proposed under the BESO, we have modeled a cost-benefit analysis to estimate an internal rate of return to the government for implementing the BESO supported reforms and interventions. The return to implementing the BESO program is captured by comparing changes in the education system under two scenarios: with BESO and without BESO. The underlying assumption is that without the BESO program the education system will continue to deliver poor quality basic schooling and will operate with a high level of inefficiency.

The main benefits anticipated from the implementation of the BESO relate to reduced wastage (dropout and repetition rates), increased grade one entrance rate, and improved and more rational unit expenditure. The rationalization of expenditure in the sector mainly results from, among other things, a gradual increase in the student-teacher ratio and an accompanying increase in expenditures on textbooks and other quality-enhancing inputs. The economic impact of these benefits within the education sector can be estimated by showing the savings to the education system resulting from a reduction in the cost per fourth and eighth grade graduate produced.

Comparing the two scenarios shows that with the implementation of BESO, primary education could handle 543,886 more students by 2001, and 1.9 million more by 2014. This would translate into a BESO gross enrollment rate of 24.6 percent in 2001, and 30.1 percent in 2014, as compared to projected GER of 20.7 and 20.8 percent respectively in those same two years if BESO is not implemented.

The cumulative improvement under BESO in the number of students completing grade eight is also dramatic - 44,616 additional graduates by 2001 and 1.36 million by 2014. The number of students completing fourth grade under BESO increases by 167,929 by 2001 and 2.4 million by 2014. Furthermore, because of the more rational per student expenditure and more efficient transition rates (i.e. lower wastage), these dramatic

improvements are accomplished with a very modest difference in total expenditure -- for example, the projected expenditure on basic education with BESO is only 9 percent higher in 2001 and 8 percent higher in 2014 than projected expenditure without BESO.

The benefits of BESO were quantified in terms of the improvement in cycle cost²⁰ to produce the greater number of both grade four and grade eight graduates over the period 1995-2014. Grade eight is the new primary cycle termination (previously grade six) beginning in 1995. Grade four completion is tracked because it is widely considered a critical mass for achieving and maintaining basic levels of literacy and numeracy.

As a result of reduced wastage and more efficient deployment of teachers, the education system under BESO will be able to accommodate more students. Because of improved quality of instruction, the system would also produce more graduates. This translates into more efficient production of more graduates (lines 25 and 26 in Table A.1 of Annex D). What is most dramatic is that while BESO includes increased per student non-salary expenditure, it would result in lower per graduate expenditure.

The benefits resulting from BESO in both the 1-4 and 5-8 cycles are quite dramatic. The grade four cycle cost would improve slightly from 1,671 Birr to 1,627 Birr per grade four completer between 1995-2001, but would improve more markedly to 1,364 per completer by 2014. The grade eight cycle cost would be reduced from 3,621 to 3,491 Birr per grade eight completer during the period 1995-2001, and to 2,881 Birr per graduate by 2014.

The increased costs are reflected in the per student expenditure figures, and the cost of USAID project and non-project assistance. The costs of implementing the BESO are totaled in line 33 of Table A.1. Even with the significant level of USAID assistance, the model shows a positive net benefit by the fifth year (1999) with dramatic growth thereafter. The resulting internal rate of return (IRR) would be 40.6 percent.

The model was tested for sensitivity to the assumptions about the rate of growth of the entry rate and teacher salaries. The rate of return was not very sensitive to these variables within the range of changes tested (see Table II in Annex D). However, the model did show that the IRR was very sensitive to the timing of impact of BESO's stream of benefits. By delaying the benefit stream three years (without changing the cost stream) the model shows an IRR of 22.8 percent. A four-year postponement would result in an IRR of 19.2 percent. Importantly, even these estimated rates of return are well within what is judged to be an acceptable justification for making the investment.

Furthermore, the IRR calculation does not take account of the considerable "external" benefits that Ethiopia will enjoy as the result of the higher participation rate and greater number of grade four and grade eight completers. This greater stock of human capital should help Ethiopia achieve her other major development goals related to health, fertility and agricultural productivity.

The analysis shows that by concentrating on improving system management -- in

²⁰ *Cycle cost refers to the estimated cost of producing a cycle completer (grade 4 and grade 8 in this case), taking into account the rates of repetition and dropout.*

particular a more rational allocation of resources -- the type of interventions planned under BESO can simultaneously lower per student expenditure, expand enrollments and improve the rate of cycle completion, all at the same time as paying careful attention to quality. At this juncture in Ethiopia's educational development, this type of investment, as demonstrated by this analysis, has the potential to yield very high returns.

B. Institutional Analysis

The primary institutional factor impacting the education sector is the emergence of a decentralized system of administration under which the primary responsibility for education is given to the regions. The Central MOE is responsible for formulating national educational policy, setting educational standards and qualifications for teaching, devising means of expanding education and encouraging the provision of student services.

Regions develop their own budgets, which require central level approval. Administrative Councils at regional, zonal, and woreda level play a key role in implementation of policy reform.

Primary teachers are trained at TTIs, which are administered by REBs. Recruitment of trainees and placement of graduates is done by the ZEOs. Teacher salaries are determined by the Regional Commission for Public Administration.

Production and delivery of teaching materials, mainly textbooks, is currently the task of the EMPDA, a semi-autonomous branch of the MOE. School construction and maintenance is managed by the ZEOs, unless financed by community contributions, in which case, it is the WEOs and school administrations which are responsible. Curriculum development is accomplished by regions and zones elaborating a core curriculum prepared centrally by ICDR of the MOE. Development and transmission of radio programs is done both centrally by EMMA and at regional level.

The monitoring of educational activities is carried out by the supervision departments at all levels, with the WEO supervisor visiting schools and other levels compiling reports and issuing guidelines. Evaluation of the impact of curriculum is done by both the ICDR and the REBs. Examinations for grade eight are developed by the ICDR; student assessment at lower grades is a regional responsibility.

Performance of certain key functions is constrained by lack of technical expertise at woreda level in liaising with schools and community, supervision, reporting and feedback, operational planning and compilation of information and at regional level in planning and budget preparation, school mapping, development of a statistical base, and curriculum and school-based research development. The need to streamline the administrative system so that functions are shared rather than duplicated is critical. Lack of basic equipment and facilities in offices and lack of vehicles are other serious constraints.

Capacity to perform policy analysis needs strengthening at central and regional institutional levels. The lack of a clear definition of functions at different levels and a system in which administrative accountability is political rather than technical are constraints to the provision of quality basic education which BESO is expected to address.

The international and indigenous NGOs involved in Ethiopia represent a wide range of interests, experience levels and relationships with the former and current government and opposition groups. Despite the fact that there are over 100 NGOs currently operating in Ethiopia, only a few have shown any consistent involvement and interest in the formal education sector and even the scope and magnitude of those few has been limited. The bulk of NGOs that have been involved in the sector have primarily been missionary-based organizations. Their main activities in the education sector have traditionally consisted of building and operating schools (primarily Christian and Koranic schools). More recently, some NGOs have begun to get involved in non-formal and distance education projects. The overall experience and capacity of NGOs within the education sector is generally weak. Furthermore, education NGOs' involvement with the MOE has been even more limited unlike in the the health sector where the health-related NGOs have worked closely with the MOH to provide essential services.

In addition, some general concerns underly both the international and the indigenous NGOs. In regards to the international NGOs, there has been particular concern over the enormous overhead being consumed by the NGOs and over larger issues related to the efficiency and coordination of delivery of goods and services to targeted populations and over selection of relief beneficiaries. Many of the indigenous NGOs have been recently formed. The bulk of these organizations have been formed with a development agenda, however, many lack a clear vision and constituency as they were formed in and are based in Addis Ababa so that their relationship with specific communities is oftentimes questionable. Secondly, several indigenous NGOs consist of only a few employees (in some cases, all relatives) who have very little experience in managing and running NGOs, particularly in the areas of accounting, auditing, and grant-writing. Thirdly, many of the indigenous NGOs are tied to ethnic groups and political parties which raises into question their overall longevity or their status as "real" non-governmental organizations.

The objectives of the BESO program address these governmental and non-governmental institutional constraints. Improving decentralized management and administration of primary education will develop REB and ZEO capacity in planning, budget preparation and financial management. The objective of increased and more rational and efficient sectoral financing will work toward establishing an overall sectoral policy advocating a strategic approach to planned development of the education sector. Improving the efficiency and effectiveness of the key quality related services of ICDR, EMPDA and EMMA will concentrate on clarifying relationships between center and region and building capacity at the regional level in the development and evaluation of these services. The objective of improving quality and equity of the primary school environment will be fostered by support to central and regional institutions in conducting policy analysis and review of the legal and financial structures pertaining to school-based improvements. This objective will also seek to identify potential local NGO partners, building their organizational, institutional and technical capabilities through staff development, training, and logistical support. Improving the quality of pre-service teacher training includes development of managerial autonomy for TTIs. Because the institutional framework is in a state of transition, the time is opportune for the basic education system overhaul to begin.

C. Political Analysis

The viability of the BESO project depends in significant measure on the presence of requisite supportive political will, particularly in the following areas: (1)

decentralization, (2) civil society, (3) equity, (4) resources, (5) quality, (6) transparency, and (7) political stability.

The overall conclusion of this analysis is that the requisite political will in the foregoing seven areas appears likely to exist, subject to the following caveats: (1) the ability of the central government to achieve levels of economic development required to make allocation of requisite support for primary education remains to be seen; (2) achieving effective decentralization will be a lengthy and complex process that BESO itself can advance in the education sector; and (3) it will take time and energy to advance the project's agenda of promoting curricular and pedagogical reform.

The major recommendations are that BESO (1) focus on making decentralization work, perhaps in collaboration with the Mission's Democracy and Governance project; (2) strengthen civil society at the grassroots by supporting full involvement of parents committees in discussions with school, governmental and project officials of curricular and pedagogical issues; (3) assist regions and zones developing resource allocation systems adequate to the complexity of the claims on primary education resources; (4) consider placing a long-term advisor in each region to advance educational quality, taking particular account of the problem of balancing local cultural and national requirements in primary school curricula; and (5) support regional and zonal initiatives to improve program monitoring and evaluation in the area of primary education. Major findings include the following:

1. Decentralization

Local expectations of decentralization exceed the realities by a wide margin at present. Euphoria over local language primary instruction in SEPR and opportunities for local initiative in Tigray presently mask the existence of potential frustration producing longer term issues; e.g, localization of curricula, complexities in resource allocation, the extent and form of needed central level support, and -- above all -- agreement on what degree and forms of decisionmaking autonomy should reside at each level.

2. Civil Society

Tigray is unique in having the benefit of two strong and capable NGOs -- TDA and REST. With the notable exception of capable World Vision and Irish Concern NGOs, SEPR relies principally on sectarian NGOs. The potential for conflict between sectarian involvement in education and the draft constitution's commitment to secular education remains largely unexamined. Civil society involvement at the micro level in the form of community-school relations need strengthening in both regions by demonstrating direct, tangible school contributions to local community economic development. Via schools, government needs to be seen by local communities to match their own investments in building schools.

3. Equity

Commitment to gender and inter-ethnic equity in primary education appears strong in both regions. There is a recognition that a balance must be struck between helping the least favored zones and woredas to catch up and allowing the better favored ones to go from strength to strength. Particularly in SEPR, there is a strong sense that the resource allocation balance has not been struck and of strong economic and cultural disincentives to female enrollment. It is vitally important that in making its own resource allocation decisions USAID work closely with regions so as to strengthen rather than undermine the resource allocation systems it helps regions to develop.

4. Quality

Beyond euphoria over local language primary school instruction in SEPR, curricular and pedagogical issues have scarcely been addressed. The reason is that local officials are preoccupied with improving material support for education and seem generally unable to address curriculum and pedagogy until they are. When they do begin to address these issues they will encounter very difficult, and politically very sensitive, balances between tradition and change and between local and national curricular components. Special training for school directors needs to be included in BESO. SEPR officials think local language instruction has improved student performance.

5. Efficiency, Effectiveness, and Transparency

Ethiopia may possess a stronger tradition of efficient administration than many other less developed countries. Its traditions of transparency are no stronger than any others. In both regions commitment to transparency appears strong as is the motivation for effective educational development, even if the focus on certain aspects of reform is limited as noted above.

6. Stability

The climate of political stability is highly favorable to implementation of the BESO project. Success in following recommendations on equity and quality will be particularly important in helping to maintain that climate, particularly in SEPR.

D. Social and Gender Analysis

Causes of Educational Decline

USAID's 1994 Demand Study and 1993 Sector Studies indicate that since the end of the civil war, Ethiopia's GER has stabilized at about 22%, down from a peak of 35% in 1987-88. Drop out and repetition rates remain a serious problem with a reported 53% promotion rate from grade 1 to grade 2 and a 32% grade 6 completion rate. Ethiopia's declining participation and low persistence rates are influenced to an interplay of supply and demand side factors. Although there are supply constraints that limit the number of children that can be accommodated in schools at present, the USAID studies report that in some regions there is a decline in interest in formal education. This section summarizes social causes of low interest, enrolment, and persistence in education.

Direct and indirect economic costs play a significant role in parental decisions to send or withdraw children from school. In the context of a society wherein 88% of the population lives in rural areas (86% of those engaged in the subsistence economy and 10% in pastoralism), it is not surprising that the most frequently cited reason for not sending both boys and girls to school is that their labor is needed at home. Over 30% of parents interviewed during the USAID Demand Study keep children home to assist in the fields, tend livestock or help with domestic chores. It should be noted that 20% of those who withhold children from school said they would change their decision if the school calendar did not interfere with the agricultural cycle.

Poverty is the over-riding constraint on primary school attendance. The cost of sending and/or keeping both boys and girls in school is beyond the capacity of many households. For households able to afford some schooling, the majority report that school fees and other direct expenses are burdensome. Indirect costs of clothing and books are cited as problematic for about a third of those interviewed.

Economic opportunity is named as the primary motivation for attendance. Schooling is closely associated in the minds of parents with occupational development, despite the fact that few people from the community have changed their occupational status as a result of having gone to school. Parents believe schooling will enhance their children's lives, and indirectly their own lives, through knowledge and skills children learn and by enhancing their earning capacity. Literacy acquisition and increased knowledge of the world are the two most frequently cited non-economic reasons for sending children of either gender to school.

With poverty the over-riding constraint on primary school attendance and the net benefit parents expect from school increased income earning capacity from wage employment, there are limitations on what the education sector can do to increase demand through improving either access or quality. Interviews with parents indicate that the irrelevancy of schooling to rural life is a significant reason for withholding or withdrawing children from school. Poor quality of schooling and infrastructure, concerns about children's health and safety at school, association of schools with the past regime's military conscription and forced enrollment practices, disillusionment with purported benefits of formal secular education, and disagreement with instruction or language policy are other reasons cited for low enrollment and persistence.

Female Participation

With a national average female participation rate in primary school of 41% of the 22% of children who attend school (World Bank, 1993), girls do not at first glance appear to be discriminated against. However, national averages mask inter and intra regional variation. Female participation rates range from 30% in the Somali region to 51% in Addis Ababa.

The USAID study reports the following general barriers to girls participation in schools: poverty; hunger and insufficient food; lack of clothing; assumed limited academic potential or intellectual capacity. A SIDA funded study identified the following constraints to girls greater participation in formal education: 1) early marriage (39% of respondents); 2) fear of misconduct (25%); 3) domestic labor requirements (19%); and 4) supposed physical or mental weakness (15%).

Parents who send girls to school cite the following reasons: increased knowledge and employment, increased literacy; cleanliness, good hygiene and health; knowledge of the world; better care of home and children; learning another language.

Community Support for Basic Education

The Demand Study indicates that communities may be unable to assume the financial role suggested for them by the MOE. Only 25% of the schools surveyed receive income from communities. This income represents only 3% of the school's total revenue. Parents and communities claim to be unable to shoulder more school related expenses.

The study indicates that some households may be better prepared to pay the costs and communities more prepared to support primary schools through self-help initiatives if stakeholder groups can be convinced of long-term benefits of primary education with respect to health and earning power.

Socio-Cultural Feasibility and Implications for BESO Implementation

As most of Ethiopia's children do not receive basic education, expanding participation is clearly essential to increasing equity. The MOE estimates that 19,000 new schools would be required to provide universal access to grades 1-4. This would more than triple the number of schools currently estimated at 8,226 and is far beyond the financial capacity of the primary education sector. Even improving existing schools to a minimum quality standard would strain resources.

The resource dilemma described above can be addressed through BESO's proposed combination of cost efficiencies, increased government funding, and increased demand, community and teacher participation.

Areas for Further Study

Several key questions raised during the PAIP/PID stage of the BESO design were not specifically addressed by any of the studies undertaken to date. Early in the implementation phase those questions and others will be addressed by the series of studies described in the Implementation Plan and Monitoring and Evaluation sections.

Issues remaining from the PAIP/PID include which will be addressed as part of that series are:

- **Why so few women enter and advance within the teaching profession?**
- **What constraints and opportunities are for improving school management and teaching?**
- **An NGO analysis and case studies of what NGO activities are having a positive impact on enrollment, attainment and community participation.**
- **How religious and secular education can enhance each other. In particular, how can religious institutions help alleviate some of the sector supply and demand constraints?**

VI. CONDITIONS PRECEDENT, COVENANTS AND NEGOTIATING STATUS

A. Conditions Precedent to First Tranche Disbursement

While the BESO Program Reform Matrix identifies several reform objectives for the first year of the program, USAID and the TGE have agreed that a sub-set of these reforms reflects the principal efforts required to begin working towards achieving the BESO Supporting Objectives. This sub-set constitutes the basis for conditions precedent to disbursement of the first tranche of non-project assistance. The conditions are presented below in relation to the program reform objective they support and the intent implied in their statement.

In addition to the standard conditions precedent to first tranche disbursement contained in the Program Agreement, prior to the first disbursement of the non-project sector assistance funds, the TGE will:

1. Establish the BESO Central Coordinating Committee (BCCC) and two BESO Regional Coordinating Committees (BRCC) according to terms jointly agreed upon by both parties.

Intent: To set up reform management committees to facilitate TGE management of the BESO Program Reform Framework and as the primary interlocutors of USAID in the annual review of conditionality. USAID sees the establishment and operation of the BCCC and BRCCs as essential to its and the TGE's ability to manage the reform process inherent in the BESO program. TGE establishment of these committees also serves to signal to USAID that it is committed to the BESO program and its objectives.

2. 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 explicit in the BESO Program Reform Matrix.

Intent: Provide USAID with guidance as to who has the appropriate authority for action, communication, policy dialogue, and collaboration on reform activities associated with BESO objectives. Within the context of regionalization, a constraint often sighted to achieving BESO's objectives relates to the lack of clear delineation of responsibility and authority between the central ministries and the regions. This is especially true in relation to central institutions such as EMPDA, ICDR, EMMA and their newly forming regional counterparts, as well as with respect to planning and budgeting authority. 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 BESO objectives.

3. Submit to USAID the approved E.C. 1987 Government Budget demonstrating that:
 - total education allocations have increased at least as much as the overall TGE budget has increased (net of debt payments) or by 15%, whichever is greater;
 - 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 education budget by E.C. 1994.

Intent: Under-financing of education has hindered the development of primary education in Ethiopia. BESO sees as a priority an increase in the availability of resources for education. Without substantial increases in allocations to education in absolute and relative terms, the TGE will not be able to implement its policy and achieve its sectoral objectives. 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. Financial analyses conducted during design indicated that in order to serve an increasing percentage of a primary school age population growing at 3 percent per annum, and improve the quality of primary education, the TGE will need to dedicate more resources overall to education, and progressively increase the share of those resources going to primary schooling to 60 percent by the end of the BESO program.

4. Submit to USAID an acceptable plan of action for implementing a policy on primary teacher certification.

Intent: Reform of teacher certification is seen by the TGE and USAID as central to improving the quality of the new entrants to the teaching force. Developing new certification criteria and a new system will provide the MOE and REBs with an instrument for verifying that new teachers meet an objectively determined and verified level of professional competency. In the context of even modest gains in the primary GER during the life of BESO (increasing from 20 to 25 percent), over 60,000 teachers will need to be added to the system -- almost doubling the present teaching force. Certifying that these new teachers meet a standard of professional competency as demonstrated by actual classroom performance, not mere completion of pre-service education, would enhance the TGE's capacity to improve the quality of the education those teachers will help to deliver.

B. Covenants Associated with First Tranche Disbursement

In addition to standard covenants included in the Program Agreement, USAID and the TGE agree that:

1. 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 ameliorating any negative affects such an increase may have on the quality of the TTI program.

Intent: Increasing the number and proportion of women entering the teaching profession is seen as an important aspect of the shared TGE and USAID equity concerns. This objective 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 also indirectly contribute to greater female participation and persistence in primary schooling.

2. 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 efforts for rationally planning for improving quality and equity in an expanding

primary education system.

Intent: The development and enforcement of a minimum quality standard would help ensure that planned expansion of primary education proceed at the rate for which the TGE can budget for needed recurrent resources -- e.g. provision of teachers, books and materials. It 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.

3. The TGE policy promoting the development of private schooling will be implemented expediently.

Intent: The TGE has been developing a policy since last year intended to facilitate the development of private schooling. However, implementation of that policy has been delayed. Government commitment to an enhanced role for the private sector in the provision of education is evident in its explicit statement to that effect included in the Education Policy. Expansion of access to and participation in education in Ethiopia is in part dependent on the re-emergence of the private sector as a means to alleviate some of the demand for schooling in urban areas and at higher levels of education so that the public sector can devote greater resources to providing schooling in rural and remote areas at the basic level. Implementation of a policy designed to ease restrictions on and normalized the establishment of private schools is a critical step towards meeting the objective of expanded access.

4. The TGE 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.

Intent: The USAID Education Sector Review and subsequent studies have revealed that some inefficiencies exist in the current patterns of teacher deployment and that policies relating to teacher assignment and transfer may indeed be causing, or at least exacerbating, those inefficiencies. This is primarily manifested through large numbers of teachers ending up in towns and cities with the result that many teachers teach less than the required number of hours per week (sometimes as little as half the requirement or less). To begin to address this problem and in the pursuit of more efficient use of teaching resources in the sector, the TGE will need to evaluate recently established norms in relation to primary teacher placement and workload patterns, and in particular, examine ways in which current transfer practices contribute to problems of under-utilization.

5. In order to pursue the establishment of an environment conducive to increased and varied channels (including greater private sector participation) for producing and delivering educational goods and services to schools, studies will be undertaken to identify barriers to entry and sector competitiveness, and to analyze the cost-effectiveness and efficiency of delivery by producers and distributors of educational goods and services.

Intent: Many of the educational goods and services critical to improving the quality of teaching and learning are not reaching the schools. Alternative mechanisms need to be developed to ensure that educational materials are (1) being produced at reasonable prices; (2) being produced with a high level of quality; and, (3) being delivered on time to the schools. Private sector provision of educational goods and services represents

one potential avenue for significant cost and efficiency gains in the education sector. It is not USAID's intention to promote either the private sector or the public sector, but rather, to support the creation of a system in which better quality, more cost-effective educational goods and services are reaching schools on time. It is understood that studies will be undertaken and recommendations developed within the context of the TGE's policies on free primary education and free educational goods and services.

6. The TGE will conduct an analysis of administrative expenditure and costs in the education sector.

Intent: Implementation of regionalization in some cases has implied an increase in the administrative overhead associated with the management of the education system. While the sector has experienced a large increase in its recurrent allocation, initial evidence indicates that little of that increase has gone to the direct benefit of schools. Given the enormous need for improvement and expansion of basic education and the financial constraints faced by the TGE, reducing the cost of administering the system to an absolute minimum is imperative. The starting point for controlling administrative overhead is having a sound analytical understanding of how resources are currently used, what administrative resources are required to manage the education system, and what scope there is for savings, efficiency gains and reallocations.

C. Conditions Precedent to Second Tranche Disbursement

As is the case for first tranche conditions precedent, USAID and the TGE have agreed that, among the reform objectives included in the BESO Program Matrix, disbursement of the second tranche of non-project sector assistance will be contingent on satisfactory compliance with the following set. In effect, prior to second tranche disbursement, the TGE will:

1. Submit to USAID the approved E.C. 1988 Government Budget demonstrating that:
 - total education allocations equal at least 16 percent of total allocations excluding debt payments;
 - total primary education allocations as a proportion of total education allocations have increased over the previous year's allocation (by at least the amount agreed to with USAID) so as to grow progressively towards 60 percent of the total education budget by E.C. 1994.

Intent: To provide continuing assurances that both the capital and recurrent needs of the education sector, and within that the primary sub-sector, are being met. Progress is also to be made towards the EOP goal of 60 percent of sectoral allocations for primary education. Continued budgetary support will only serve to advance sectoral objectives if the TGE is committing sufficient amounts of its own revenue to fund basic education.

2. Demonstrate an increase 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. Submit to USAID official expenditure reports for E.C. 1987 budget year for the Tigray and SEPR regions indicating this increase.

Intent: If increased allocations for primary education are to contribute to the improvement of the quality of schooling, then resources will need to be targeted towards expenditures which have direct impact on classrooms. This 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. To this end, it is understood that by the end of the Program strong efforts will be made to reach a minimum target unit non-salary expenditure level of 30 Birr (in real terms). An agreement has been signed between the TGE and World Bank in relation to increasing the allocation of budget dedicated to unit non-salary items for E.C. 1987. This condition will seek to ensure that the funds that are being allocated are actually being expended. While it is understood that this reform will be pursued on a national level, USAID will only require evidence from the two focus regions.

3. On the basis of an analysis conducted during the first year of the program, identify the constraints to school-based local decision-making and revenue generation and management and remove these constraints where they exist.

Intent: TGE policy advocates greater community participation in and responsibility for the provision of basic schooling. The ability of schools and their communities to generate revenue, make decisions locally about how it could be invested to improve the school, and manage its use will be a strong determinant of whether that policy objective can be met. The legal framework for school governance and local financing should be established so as to maximize this objective and minimize any constraints to local capacity to contribute financially and substantively to improving basic education.

4. Adopt 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, or other appropriate means, 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.

Intent: Lack of teacher motivation and poor terms and conditions of service are often cited as factors contributing to the deterioration of quality. TGE and BESO objectives of improving quality will rely on whether teachers are able to improve their instruction in the classroom. Better instruction implies greater effort, innovation, creative use of resources, and a reflective, self-critical approach to the art of teaching. It is unrealistic to expect an unmotivated force of teachers to demonstrate these qualities and be the engine of improved quality primary schooling. The terms and conditions of teacher service, and the career structure of the profession present opportunities for building in incentives for teachers to improve their performance of their jobs.

5. Establish a plan for the reform and improvement of the curriculum of Primary Teacher Training Institutes. Submit to USAID a national plan and specific regional plans for the Tigray and SEPR TTIs.

Intent: It is widely recognized within the TGE that the curriculum governing the content, structure and approach to teacher education is badly in need of reform. 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. As was the case with certification of primary teachers, the quality of instruction delivered in the TTIs will contribute significantly to achieving primary school quality improvement objectives. While it is understood that this reform will be pursued on a national level with all TTIs, it is also understood that

each region will have its own specific plans tailored to the particularities and priorities of the region.

6. Demonstrate an increase to adequate recurrent resources for the maintenance, supply and improved operation of the Primary Teacher Training Institutes. Submit to USAID the approved E.C. 1988 Government Budget demonstrating that increases in recurrent resources have occurred in Tigray and SEPR.

Intent: The TTIs have suffered from lack of adequate recurrent financing, with the result that large investments in infrastructure have been allowed to deteriorate to the point of needing substantial reinvestment to bring them back up to acceptable standards. Furthermore, past operation of the TTIs has been hampered by the absence of funding for recurrent inputs such as books, supplies and teaching materials. All planned improvements in pre-service teacher education inherent in the corresponding BESO Supporting Objective will amount to nothing if this insufficiency in recurrent resources is not addressed. While it is understood that this reform will be pursued on a national level at all TTIs, USAID will only require evidence from the two focus regions.

7. Develop Regional Education Bureau strategic plans for the comprehensive development of primary education linking capital investment and recurrent financing needs. Submit to USAID these plans as they pertain to the Tigray and SEPR regions.

Intent: The development of REB strategic plans is an important component of institutionalizing the capacity to rationally allocate resources in the education sector. Linking capital and recurrent budgets in those plans ties the expansion of the system to the provision of that quality standard. It is expected that in future years regional strategic plans will be based also on Minimum Quality Standards. Basing strategic plans on the provision of MQS ensures that quality improvements are planned and budgeted.

8. Demonstrate that resources are being allocated adequately to assure the basic school support functions for Woreda Education Offices. Submit to USAID the official E.C. 1988 Regional Budgets demonstrating that resources have been allocated to Tigray and SEPR..

Intent: If the education administrative system is to serve schools, the WEO, the level of the system to closest to the schools, needs to have sufficient operational resources to allow it to fulfill its school support mandate. Up to now, the system has not adequately resourced these offices. Many BESO quality improvement objectives rely on the supportive nature of the interaction between WEOs, 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. While it is understood that this reform will be pursued on a national level, USAID will only require evidence from the two focus regions.

9. Based on the results from the analyses conducted during the first year, the TGE will take appropriate steps to encourage private sector procurement of educational goods and services and that reduce barriers to private sector entry into markets for such goods and services.

Intent: 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. It is expected that recommendations made and policies undertaken will be consistent with the TGE's stance on free primary education and free educational materials.

D. Covenants Associated with Second Tranche Disbursement

In addition to continuation of covenants established for the first tranche disbursement, USAID and the TGE agree that:

1. The TGE 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 EMPDA, ICDR, EMMA.

Intent: The education system in Ethiopia has been characterized by a failure to deliver quality educational services to a significant share of primary schools. The objective of improving the system's performance in service delivery requires that a systematic and systemic approach to assessing the pedagogical- and cost-effectiveness of the main service providers be pursued. Valuable information regarding how textbooks are used, what and how well do children learn from the existing curriculum, how effective are radio broadcasts at improving learning, is lacking. Beginning to gather that information and feed it into the decision-making and instructional design process is an important step towards improving the quality of primary schooling.

2. Regions will provide to their TTIs greater authority and control over recruitment, selection, and admission of trainees to the Primary Teacher Training Institutes. Submit to USAID evidence in support of this from Tigray and SEPR.

Intent: The TGE and USAID recognize the importance of improving pre-service teacher education. One concern raised by all interested parties has been the poor quality of students entering the TTIs. Greater control over admission of students to pre-service training will permit TTIs to recruit better quality entrants. Although the National Education and Training Policy supports greater autonomy for TTIs, responsibility for implementation lies with the regions. USAID efforts will be directed towards assisting the two target regions and their TTIs in implementing this policy.

3. The TTIs will develop systems designed to support female trainees in academic, professional and personal activities. Submit to USAID evidence demonstrating this for the Tigray and SEPR TTIs.

Intent: In support of the TGE policy intended to promote greater gender equity in access to the teaching profession, BESO will support an increase in the number and percent of women recruited into the TTIs. In order to help assure the success of women trainees, appropriate support networks will need to be developed. This may include academic remediation for weaker female secondary completers, social and personal support, career guidance and counseling and, in general, promotion of an environment in the TTIs more supportive of female students.

4. Adopt an initial national definition of a Minimum Quality Standard for primary education. 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.

Intent: This condition is intended to ensure the implementation of the standards pursued under the relevant covenant for the first tranche. While it is understood that a definition for Minimum Quality Standard will be adopted on a national level, it is also understood that strategies related to the pace and resources available for achieving this standard will vary by region. USAID will assist Tigray and SEPR in the development of concrete strategy for achieving this national standard.

5. Based on evaluations of 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, the TGE will undertake measures to support implementation of these norms in the regions and to modify these norms if necessary.

Intent: Rationalization of the placement and movement of primary teachers will contribute markedly to the system's capacity to make efficient use of its resources. Projected enrollment growth and quality improvements are predicated on an assumption of more efficient use of teachers. The large resource needs in the sector will be even greater if the teaching force is not effectively utilized. To this end, operational norms such as workloads were established by the TGE last year. With the regionalization and decentralization processes, it is not yet clear how effective these norms have been. Steps should be taken to make the appropriate adjustments to the established norms based on the evaluations conducted during the first year of the Program.

6. Reduction in the share of budget for administration, if appropriate or needed. Submit to USAID evidence in support of this for Tigray and SEPR.

Intent: It is imperative that the system be able to control its administrative overhead in order to ensure that the maximum amount of resources reach the school-level. Based on the recommendations from the analysis of administrative expenditures and costs conducted under the relevant covenant in the first tranche, it is expected that the regions will take steps to rationalize their levels of administrative overhead.

E. Conditions Precedent to Third Tranche Disbursement

Conditions and covenants for the disbursement of the third, and subsequent, tranches of BESO non-project assistance will be established on the basis of annual review of progress and negotiated agreement between USAID and the TGE as to expected achievements in the concerned year.