

**PROJECT INFORMATION DOCUMENT (PID)**  
**Appraisal Stage**

**Report No.: AB3844**

|   |   |
|---|---|
| <b>Project Name</b>                     | Education Sector Development Project, Additional Financing  |
| <b>Region</b>                           | South Asia  |
| <b>Sector</b>                           | Education   |
| <b>Project ID</b>                       | P110278   |
| <b>Borrower(s)</b>                      | Democratic Socialist Republic of Sri Lanka  |
| <b>Implementing Agencies</b>            | Ministry of Education, Isurupaya, Battaramulla, Sri Lanka;<br>Provincial Councils, c/o the Finance Commission, Kitulwatte<br>Road, Colombo 8, Sri Lanka.                |
| <b>Environment Category</b>             | <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined) |
| <b>Date PID Prepared</b>                | May 2, 2008   |
| <b>Estimated Date of Board Approval</b> | June 5, 2008  |

## 1. Country and Sector Background

### Country Background

The Sri Lankan economy has been expanding relatively strongly in the recent past, with an average annual growth rate in excess of five percent during the last few years. The Government has published a policy statement for national development which seeks to promote equitable, broad-based economic development through investment in infrastructure and human capital, with special emphasis on lagging regions. However, the long-running conflict has hampered Sri Lanka from realizing its full economic potential, and the country could develop substantially faster if a long-term and sustainable resolution to the conflict could be achieved. The education system has an important role to play, in this context, through policies that improve the economic opportunities of children and youth living in poor households and lagging regions, and promote a multi-cultural and multi-ethnic society.

### Sector Context

During 2006 GOSL introduced an innovative and path-breaking Education Sector Development Framework and Program (ESDFP) with the over-arching goals of: (a) promoting equitable access to basic education (grades 1-9) and secondary education (grades 10-13); (b) improving the quality of education; (c) enhancing the economic efficiency and equity of resource allocation and distribution within the education system; and (d) strengthening education governance and service delivery. Implementation of the overall ESDFP since commencement has been proceeding well. The organizational structures of the national Ministry of Education (MOE) and the provincial Ministries and Departments of Education have been revised and aligned with the four objectives of the program. A detailed performance framework has been developed for the ESDFP, and the capability of the national and provincial education agencies to use this framework for planning, budgeting and monitoring has clearly strengthened in the past two years. There is also strong interest and support for the ESDFP from the highest executive and legislative levels, such as the Minister of Education in the center, and the Governors and Chief Ministers in the Provinces.

Within the overall framework of the ESDFP, the MOE proposes to scale up support for activities that will strengthen the education system and promote a favorable environment for a multi-cultural and multi-ethnic society. Strategic activities to achieve these objectives include: (a) promoting English language skills, both to improve the economic opportunities of children in poor areas and as a link language between Sinhalese and Tamil children; (b) promoting a multi-cultural and multi-ethnic society through the school curriculum, especially the subjects of civics and history; (c) strengthening the capability of teachers to manage and teach in a multi-cultural and multi-ethnic environment through relevant staff development programs; (d) promoting co-curricular activities among children of different cultural and ethnic backgrounds; (e) reducing regional disparities in higher order learning spaces and assets such as school Information and Communications Technology (ICT) centers and library resource centers; and (f) attending to basic requirements of school children, including the provision of water and sanitation facilities in rural, estate and conflict-affected schools.

GOSL has been increasing the allocation of resources for general education. In 2005, when the ESDFP was under preparation, the projected budget for general education in 2008 was about 61 billion rupees (approximately US\$ 600 million). However, the actual allocation for 2008 was about 88 billion rupees (approximately US\$ 830 million), which is a considerable increase over the amount originally projected. The larger budget for general education is expected to continue into the future, within the Government's medium-term budget framework. In this context, GOSL has requested IDA, too, to scale-up support for the ESDFP.

## **2. Objectives**

The proposed credit would support the Government of Sri Lanka (GOSL) to expand activities that scale up the impact and development effectiveness of the Education Sector Development Project, with emphasis on the improvement of educational opportunities of children living in poor regions of the country. The development objectives of the ESDP, the parent project, will remain un-changed.

## **3. Rationale for Bank Involvement**

The Bank places strategic emphasis on enhancing human development, increasing growth, reducing poverty and promoting social harmony in Sri Lanka. The activities proposed for additional financing have the potential to make an important contribution to the long-term development of the country. The Bank is an important donor in education, and the provision of an additional credit by the Bank to improve the educational opportunities of children living in poor rural, estate and conflict affected regions, and to promote social cohesion, would send a positive signal of the Bank's commitment to equitable development and social harmony to the government, civil society and other development partners in Sri Lanka

## **4. Description**

The additional credit will expand activities that scale up the impact and development effectiveness of the ESDP. The development objectives are the same as the original ESDP: (a)

promoting equitable access to basic education (grades 1-9) and secondary education (grades 10-13); (b) improving the quality of education; (c) enhancing the economic efficiency and equity of resource allocation and distribution within the education system; and (d) strengthening education governance and service delivery. The lending instrument will be a Specific Investment Credit using a sector-wide programmatic approach (SWAp) and financed by an IDA credit. The additional financing will supplement the budgets of the national and provincial Ministries of Education, and funds will be released in line with the tranche releases of the ESDP. The additional credit will increase the intensity of some activities, such as English as a second language and co-curricular activities among children of different communities; expand activities to more schools, such as increasing the number of schools with higher-order spaces and assets such as ICT centers and libraries, and essential facilities such as water and sanitation; and introduce novel initiatives, such as the expansion of Bilingual (English medium) education for arts and commerce students in secondary grades, and multi-cultural reviews of the civics and history curricula.

The provision of higher-order spaces and assets such as ICT equipment and libraries, and essential facilities such as water and sanitation, will be targeted at Category 2 schools (grades 1-11) and Category 3 schools (grades 1-5). These types of schools are attended by children from poorer households. Children from wealthy households attend National schools, and in the interests of equity resources under the additional financing for higher-order spaces and assets and for essential facilities will cover only Category 2 and Category 3 schools. However, some of the scaled-up activities, such as the fine tuning of civics and history curriculum material to promote inter-cultural understanding, are public goods in the education system, and will benefit all schools in the country.

## **5. Financing**

|                    |        |
|--------------------|--------|
| Source:            | (\$m.) |
| Borrower/Recipient | 0      |
| IDA Credit         | 10     |
| Total              | 10     |

## **6. Implementation**

The scaled-up activities under the additional credit will follow the same institutional and implementation arrangements as the parent ESDP. The Ministry of Education, including its sub-agencies such as the National Institute of Education (NIE) and the Education Publications Department (EPD), will manage and implement activities at the national level, as well as undertake strategy development and oversight of the overall Credit. The provincial Ministries of Education will manage and implement activities at the provincial level. The Ministry of Finance and Planning and the Finance Commission will be involved in the management and monitoring of the additional credit through their role in the allocation of public funds for the education sector. In addition, under the education support provided by the Bank for organizational strengthening of the provincial and sub-provincial level education systems, the institutional capacity to implement the education sector program has been strengthened through the establishment of a Technical Support Unit (TSU) in the Finance Commission. This unit has skills

in governance and monitoring, education planning, education management, public expenditure management, and procurement, and will provide technical and managerial support to strengthen the Provincial Councils, especially for planning, budgeting, management and monitoring. The performance of the national and provincial Ministries of Education, the Ministry of Finance and Planning and the Finance Commission in the management and implementation of the parent ESDP has been satisfactory, and these organizations have the managerial capacity to implement the scaled-up activities under the additional credit.

## 7. Sustainability

The additional credit seeks to scale-up activities supported through the ESDP, which was based on a strong analytical foundation, the Bank's Sri Lanka Education Sector Report 2005, as well as international experience of Bank funded programs in a number of countries in Asia and other parts of the world. The ESDP has performed well in the first two years of implementation, with satisfactory progress under all the four major themes. The proposed scaled-up activities under the additional credit have also been identified and developed consultatively between the MOE, the Provincial Education Authorities, the Ministry of Finance and Planning, and the FC. The additional credit will be planned and coordinated at the national level by the Planning and Performance Review Division of the MOE, while implementation will be led by the relevant technical units of the MOE, such as English and English Medium Education, Library Development, ICT, Teacher Education and Training, and School Health. These units have provided strong technical leadership to the program in the past, and have adequate technical capacity to lead the scaled-up activities. Resources for technical assistance are also available, under the additional credit, for the national and provincial education authorities, if needed.

## 8. Lessons Learned from Past Operations in the Country/Sector

The ESDP Additional Financing builds on the experience of several previous IDA investments in the education sector, such as the ESDP, GEP, TETD and GEP2. Key lessons have been learned from these projects and incorporated within the ESDP Additional Financing. IDA should support the overall country framework to strengthen basic and secondary education, rather than concentrate on selected areas, as this enables the establishment of a coherent, internally consistent set of policies to develop the school system. The ESDP Additional Financing, by adopting a sector wide approach, will assist Sri Lanka to develop the entire basic and secondary education system.

## 9. Safeguard Policies (including public consultation)

| <b>Safeguard Policies Triggered by the Project</b>    | Yes | No   | TBD |
|---|-----|------|-----|
| <a href="#">Environmental Assessment</a> (OP/BP 4.01) | [X] | [ ]  |     |
| Natural Habitats (OP/BP 4.04)                         | [ ] | [X]  |     |
| Pest Management (OP 4.09)                             | [ ] | [X]  |     |
| Physical Cultural Resources (OP/BP 4.11)              | [ ] | [X ] |     |
| Involuntary Resettlement (OP/BP 4.12)                 | [ ] | [ X] |     |
| Indigenous Peoples ( OP/BP 4.10)                      | [ ] | [X]  |     |
| Forests (OP/BP 4.36)                                  | [ ] | [X]  |     |

|   |                          |                                     |
|---|--------------------------|-------------------------------------|
| Safety of Dams ( <a href="#">OP/BP 4.37</a> )   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Projects in Disputed Areas ( <a href="#">OP/BP 7.60</a> )*  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Projects on International Waterways ( <a href="#">OP/BP 7.50</a> )  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Piloting the Use of Borrower Systems to Address Environmental and Social Issues in Bank-Supported Projects ( <a href="#">OP/BP 4.00</a> ) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

## 10. List of Factual Technical Documents

### Country Documents

- Government of Sri Lanka, Budget Statements, various years.
- Government of Sri Lanka, Mahinda Chintanaya Policy Statement, 2006.
- Ministry of Education, Project Implementation Plan for the Additional Financing of the Education Sector Development Project, 2008.
- Provincial Ministries of Education, Project Implementation Plans for the Additional Financing of the Education Sector Development Project, 2008.
- World Bank. Country Assistance Strategy, 2008 (under preparation).
- World Bank. Attaining the Millennium Development Goals in Sri Lanka, 2005.
- World Bank. Procurement Capacity Assessment for the Education Sector of Government of Sri Lanka, 2005.

### Sector Background

- Ministry of Education, School Census, various years.
- Ministry of Education. Guidelines on School Based Planning, 2004.
- Ministry of Education. Programme on School Improvement, 2005.
- Ministry of Education. Inclusive Education Project (2005 – 2009) – Location, identification and medical and educational intervention of pre-school and school-age children with special educational needs, 2005.
- Ministry of Education, Education Sector Development Framework and Program, 2007.
- National Education Research and Evaluation Center. National Assessment of Achievement of Grade Four Pupils in Sri Lanka, 2004.
- World Bank. Education Sector Report: Treasures of the Education System in Sri Lanka, 2005.

## 11. Contact point

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\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

**12. For more information contact:**

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