

**DFID and GPE funded Zambia
Education Sector Budget Support
Programme**

**DFID Zambia
February 2013**

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Acronyms

AWPB	Annual Work Plans and Budgets
BESSIP	Basic Education Sub-Sector Investment Programme
BCR	Benefit Cost Ratio
CBO	Community-based Organisation
CBU	Copperbelt University
CPs	Cooperating Partners
CPCC	Cooperating Partners Coordinating Committee
CPD	Continuing Professional Development
CSEN	Children with Special Educational Needs
CSO	Central Statistical Office
DAO	District Administrative Officer
DEBS	District Education Board Secretary
DECC	District Education Coordinating Committee
DEMC	District Education Management Committee
DFID	Department for International Development
DODE	Directorate of Distance Education
DOL	Division of Labour
EBS	Education Broadcasting Services
ECCDE	Early Childhood Care, Development and Education
EFA	Education for All
EGMA	Early Grade Maths Assessment
EGRA	Early Grade Reading Assessment
FM	Financial Management
FMAP	Financial Management Action Plan
FNDP	Fifth National Development Plan
FRA	Fiduciary Risk Assessment
FTI	(Education for All) Fast Track Initiative
FTC	Financial Technical Committee
GBS	General Budget Support
GER	Gross Enrolment Ratio
GNP	Gross National Product
GDP	Gross Domestic Product
GPE	Global Partnership for Education
GPI	Gender Parity Index
GRZ	Government of the Republic of Zambia
HIV	Human Immuno-deficiency Virus
ICT	Information and Communication Technology
INSET	In-service Training
IOB	The Policy & Operations Evaluation Department (IOB) of Netherlands
IRR	Internal Rate of Return
JASZ	Joint Assistance Strategy for Zambia
JFA	Joint Financing Arrangement
JSC	Joint Steering Committee (otherwise known as the SAG)
LEG	Local Education Group
LFFTE	Limited Financial Flow Tracking Exercise
LSEN	Learners with Special Educational Needs
MAF	Mutual Accountability Framework
MCDMCH	Ministry of Community Development, Mother and Child Health
MoESP	Ministry of Education Strategic Plan

MDGs	Millennium Development Goals
MESVTEE	Ministry of Education, Science, Vocational Training and Early Education, known in this document as the Ministry of Education
M&E	Monitoring and Evaluation
MTEF	Medium-Term Expenditure Framework
NAC	National AIDS Council
NER	Net Enrolment Ratio
NGOs	Non-Governmental Organisation
NIF	National Implementation Framework (I, II, III)
NSC	National Science Centre
OAG	Office of the Accountant General
ODI	Overseas Development Institute (UK think tank on Development)
ODL	Open and Distance learning
OVC	Orphans and Vulnerable Children
PAF	Performance Assessment Framework
PBR	Pupil Book Ratio
PEO	Provincial Education Office
PEFA	Public Expenditure Financial Assessment
PER	Public Expenditure Review
PPP	Public-Private-Partnership
PECC	Provincial Education Coordinating Committee
PEMC	Provincial Education Management Committee
PETS	Public Expenditure Tracking Survey
PITC	Policy and Implementation Technical Committee
PMEC	Payroll management and establishment control
PRBS	Poverty Reduction Budget Support
PTA	Parent Teacher Association
PTR	Pupil Teacher Ratio
RBA	Results Based Aid
SACMEQ	Southern & Eastern African Consortium for Monitoring Ed Quality
SADC	Southern Africa Development Community
SAG	Sector Advisory Group
SBS	Sector Budget Support
SDS	Service Delivery Survey
SEN	Special Educational Needs
SHN	School Health and Nutrition
SNDP	Sixth National Development Plan
SPRINT	School Programme of In-service for the Term
SWAp	Sector Wide Approach
TBS	Target Budget Support
TEVET	Technical Education and Vocational Training
TEVETA	Technical Education and Vocational Training Authority
UNESCO	United Nations Education, Scientific and Cultural Organization
UNZA	University of Zambia
ZACODE	Zambian College of Distance Education
ZAMREN	Zambia Education Research Network
ZLS	Zambia Library Service
ZNBC	Zambia National Broadcasting Corporation
ZOCS	Zambia Open Community Schools
ZCSS	Zambia Community School Secretariat

Intervention Summary

Zambia Education Sector Support Programme

What support will the UK provide?

Over the next three years (2012/13 – 2015/16), the UK will support the improvement of education quality and participation of girls in the education system in Zambia through effective implementation of the Government of the Republic of Zambia's (GRZ) Education National Implementation Framework (NIF) Phase III. We will invest £37.5m of UK aid to leverage step changes in the effectiveness of the Government of Zambia's £3.2 Billion investment in education, over the period.

We will provide the £37.5 million through a service delivery grant (Sector Budget Support - SBS), technical advisory support, supervision, evaluation and technical assistance (TA). As DFID is the Supervising Entity responsible for disbursement and monitoring impact of the Global Partnership for Education (GPE), our support will be combined with £21.7 million funding from the GPE (2013 – 2015), bringing the total support from the UK to £59.2m from 2011- 2016.

80% of the total support will fund core activities of the GRZ's sector plan. The remaining 20% will be paid to the GRZ only upon the achievement of jointly agreed disbursement-linked milestones that are assessed annually. This support may be later extended for a further two years, subject to satisfactory review and agreement with partners.

Why is UK support required?

This investment is in line with the objectives of DFID Zambia's Operational Plan 2011-2015 and with the UK's "we wills" for improved access to equitable and quality education for boys and girls.

What need are we trying to address?

Given the high extent of poverty still in Zambia (60%) despite high growth rates, it is imperative to improve education service delivery in a sustainable manner to all Zambians. Zambia has made huge progress on access with 1.7 million more children enrolled in school from 2000 to 2010. ¹ However, quality and equity remain key concerns.

Education **quality** has suffered from years of insufficient funding, rapid expansion of new schools for better access, poor incentives for teachers, poor accountability of Government to its citizens, and a lack of attention to the systems that make things work. Only around 35% of children in Grade 5 have sufficient English and around 39% sufficient maths skills. Around one-third of children enrol in grade 8 (junior secondary school).

In lower secondary examinations on average, 12% fewer **girls** pass than boys, with 62% girls completing 9 years of education up to grade 9, compared to 67% for boys. The situation is even worse for girls living in rural areas. Both quality and access must be tackled at the same time for the education system to be effective. The supply of quality services relies on a combination of availability of adequate funding, infrastructure, well-trained staff, teaching supplies, and capable management & leadership at school level.

The disproportionate wage bill (73% of the education budget) leaves little funding for running costs, quality improvement initiatives and teaching and learning materials. **Management of funds** remains a concern to ensure that priorities, such as the basic acquisition of literacy and numeracy, are sufficiently funded and accounted for from the national to the school level.

The number of **skilled graduates entering work** and participation of girls and women in such areas remains low. ² To address this issue the Government is now prioritising access to secondary education. It aims to create a two-tier system of general and vocational secondary schools to tackle the shortage and poor quality of skills in the Zambian economy. The expansion of the economy has increased demand for a more flexible, innovative, client-oriented workforce.

What will we do?

This programme is building on existing General Budget Support by shifting to SBS for the education sector. This will complement GBS, the existing pooled donor fund, and projects; all of which support the education sector-wide approach and the NIF III.

Our education sector support programme will blend SBS, TA and active policy dialogue. It will give us opportunities to support the GRZ to improve the effectiveness of their annual \$1bn spend in education. This will include supporting the Government's financial and other service delivery systems to improve their effectiveness and efficiency down to the school level, improving the learning/teaching environment, and increasing participation of girls and other vulnerable groups. SBS also allows the opportunity of improved policy and strategy dialogue with government counterparts on the issues of public financial management, inclusive growth and skills development, and improved accountability.³

To improve the return on investment by DFID and GPE, cash transfers will be complemented with targeted TA to both mitigate risk and strengthen the capacity and approach of the Ministry of Education's sector reform agenda. This TA will help to improve planning and management capacity. In addition, by targeting girl's participation and improved performance at secondary levels, the programme can contribute to improved reproductive health, HIV/AIDS awareness, nutrition, and livelihoods in general.⁴

The key risks to effective delivery of the programme are related to resource allocation, release and utilisation. The Fiduciary Risk Assessment (FRA) for the sector rated the sector as **moderate** overall. The risks of corruption and fraud are considered **low**, in part because 73% of the education budget is for teacher's salaries and the payroll controls are robust with a low risk rating.

What are the expected results?

Working through Government systems, the **impact** of the programme will be **increased achievement in learning for boys and girls** by increasing equitable access to quality education and skills training to enhance human capacity for sustainable national development.⁵

The **outcome** will be **more and better quality education and skills training for boys and girls from pre-primary to tertiary education** and the outcomes would be:

- Increase from 60 to 72.5% the number of boys and girls transitioning from primary to junior secondary and from 45% to 53% from junior to senior secondary school
- Reduced number of districts that have a Pupil Teacher Ratio(PTR) of more than 60:1 in lower primary (grades 1-4) from 37 to 5 districts
- Increase % of gr. 9 pass rate from 35% to 47 for boys and 46% for girls
- 100% of GRZ education sector PAF disbursement linked milestones are met each year

The **outputs** will be stronger Government systems better equipped for delivery of quality education services and improved value for money. Outputs will be delivered through support to implementation of the NIF III that will include:

- Stronger systems for financial management in the Ministry of Education by 2015
- Improved leadership and management systems and capacity across all levels of service
- Improved access and availability of data for evidence-based planning and budgeting
- Enhanced professional standards, qualifications and capacity of teachers

Monitoring of both the DFID and GPE funds will be a significant element of the programme and capacity will be built in this area to improve sustainability. In particular there will be increased monitoring of learning assessment at different levels, and of public financial management through public expenditure reviews and tracking surveys, audits and assessing implementation of the Financial Management Action Plan (FMAP). An education sector Performance Assessment Framework (PAF) will be used to annually review performance and the extent to which the expected results have been achieved. The provision of support through SBS has been assessed to provide the best value for money: providing high returns on investment.

Business Case

Strategic Case

A. Context and need for a DFID intervention

Zambia's high poverty situation

1. Zambia has experienced over a decade of strong economic growth and was recently reclassified as a lower-middle-income country. But the level of poverty is unacceptably high and Zambia remains one of the least developed countries in the world in terms of human development indicators. In its 2012 report on DFID in Zambia the IDC concluded that "given the extent of poverty we do not believe that Zambia will be in a position to graduate from aid for many years". 60% of the population still live below the national poverty line⁶ on income equivalent to less than £20 per month per adult equivalent of less than £60 a month for a family of six. Poverty is most extreme in rural areas where over half of people live in extreme poverty and are therefore unable to meet basic food requirements.
2. The reasons why Zambia's rural poor are not benefitting from economic development are many and complex. The mining industry employs few workers, and growth in service delivery and construction has been concentrated in urban areas. Therefore, income inequality is high and increasing particularly between urban and rural Zambians. Most poor people work in agriculture where productivity is extremely low (yields). Poor health status and education holds poor people back from increasing their own productivity and income. Across Zambia only one in six girls complete primary and secondary school⁷.

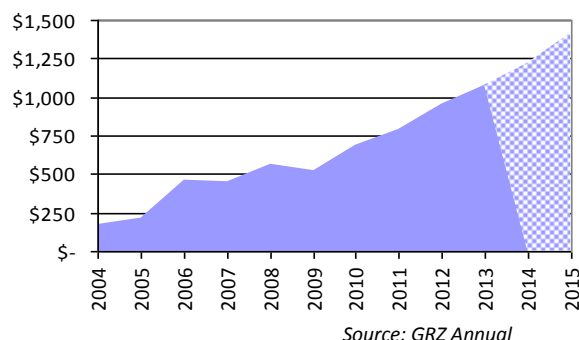
Education is critical to reducing poverty

3. Good quality primary and secondary education is considered fundamental in global efforts to eradicate poverty and meet the Millennium Development Goals (MDGs). Two of the eight MDGs relate specifically to improving education services for the world's poor. Strengthening basic services is therefore a key pillar of DFID's Operational Plan in Zambia. Delivery of quality education services is also a key priority for the Global Partnership for Education (GPE). To make real progress in poverty reduction, Zambia will need to spend its growing domestic revenues more effectively to support better education service delivery, especially among women and girls and in rural areas. There are direct correlations between household income and educational attainment. The latest Living Conditions Monitoring Survey found that 64.2% of poor households were headed by people with no education, 60% had primary and 30% had secondary education.⁸

Resources for education have been increasing

4. Until recently the Zambian Government lacked sufficient domestic resources to invest in basic services over and above paying salaries. For two decades donors provided the majority of funding for investments in education services. As the Zambian economy has grown and tax revenue has increased, expenditure

Fig 1: Government of Zambia Education Budget
(current US\$ millions)



on basic services has grown significantly, with a reduction in aid dependency. As Figure 1 shows, GRZ has increased its annual budget for education from \$230 million in 2004 to around \$1billion in 2012.⁹

5. Increased Government funding as well as policy decisions to abolish user-fees for primary education has increased the demand and supply of education services. The percentage of the GDP to education increased from 2% in 2000 to 4.4% in 2011.
6. Even with this increase in domestic resources being spent on the sector, there is a funding gap to fully implement the Government's education sector plan (the NIF III) which DFID's and GPE's funding will support. This gap is a minimum of \$238m (£148m) for basic services. It could reach up to \$1bn (£625m) to implement the full ambitions of the sector plan, including all the policies the new Government want to achieve in educating Zambian children over the next five years, including the costly policy of free and compulsory education up to grade 12.
7. The education sector in Zambia is labour intensive. In 2011, salaries (including most allowances) took an average 73% of the education budget.¹⁰ Of the remaining budget not spent on salaries, 78% was used for infrastructure development and university education. This left only 21.4% for the core education programmes which include the required operational grants to schools for their basic running costs.¹¹

The Structure of education in Zambia

8. The scope of the mandate of the Ministry of Education is wide; it encompasses early childhood education; primary education; secondary education; TEVET; science, technology and innovation; youth and adult literacy; teacher education, supply and management; and university education. This is delivered, as shown in table 1, through a mixture of Government, community, grant-aided and private schools.

Table 1: Schools in Zambia by type

Type	Gr 1-9	Grade 10-12	Tertiary
Government	4835	343	3 Public Universities
Community ¹²	2456	5	N/A
Grant Aided	297	57	16 Colleges of Education
Private	381	67	22 Private Colleges
Total	7969	472	41

Source: Education Statistical Bulletin (ESB), MESVTEE 2010

9. Government is the primary provider of education in Zambia. Although community schools make up 34% of the total number of schools, they provide education to only 20% of children in primary school. The Government's policy is to begin converting these schools into full primary schools over the period of the NIF III. Private provision is small but valued by those Zambians who are choosing to educate their children outside of the Government system. Those schools are usually found in urban areas and are important in provision at higher levels, but uncommon in rural areas.
10. With the change of Government in 2011, there has been a policy shift from a system of basic education (Grades 1-9) and high school education (Grades 10-12) to primary (Grades 1-7) and secondary (Grades 8-12). This is against international trends but is in response to a need to have adequately trained teachers at secondary level, as currently

those grades are taught by primary school teachers who may not have sufficient subject knowledge to teach at secondary level.¹³ Improving the quality of teacher education is, therefore, a fundamental need. In addition infrastructure, particularly related to laboratories for science education is not available in primary schools.

11. The overall aim of the NIF III is to improve the quality of education provision, with particular attention to raising learning achievement levels and addressing inequities and inefficiencies. There are five main strategic objectives:

- a. address quantitative aspects, through increased enrolments
- b. address quality aspects by equipping schools with requisite skills and facilities
- c. enhance equitable access to education through formal and alternative modes of delivery
- d. enhance efficiency and effectiveness of education delivery
- e. address equity considerations, with special attention to the needs of the girl-child, orphans and vulnerable children, children with special needs and those affected by, and/or infected with, HIV and AIDS.

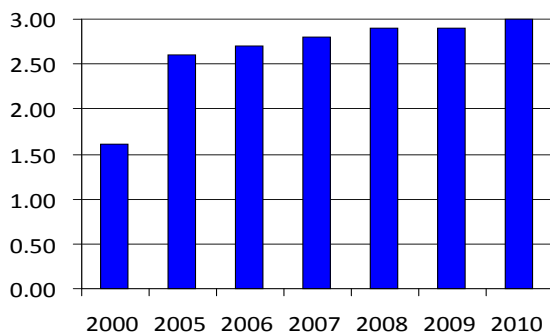
12. Among the major policy provisions in the NIF III are to provide free education up to Grade 12, and to develop a two-tier academic/technical and vocational skills system from Grade 8. Introducing free education up to grade 12 will have cost implications and government will have to consider increasing the non-PE allocations to the Ministry. In addition, the continued emphasis on infrastructure development remains key to both the NIF III and the Patriotic Front (ruling party) manifesto.¹⁴

13. Since the 2000s, GRZ has recorded significant achievements concerning access, funding and infrastructure development; pupil enrolment (Grades 1 to 12) increased to 3.8 million in 2011 compared to 3.0 million in 2005, while gender parity has increased at primary level is 0.98, and 0.88 at secondary level. This means 98 girls are in school for every 100 boys.

Huge Progress in Access at Primary and Secondary levels

14. Access to primary education has improved over the last five years (as shown in Figures 2 and 3). Zambia has now met the MDG target to achieve universal access to primary

Fig 2: Enrolment in Primary Education (millions)



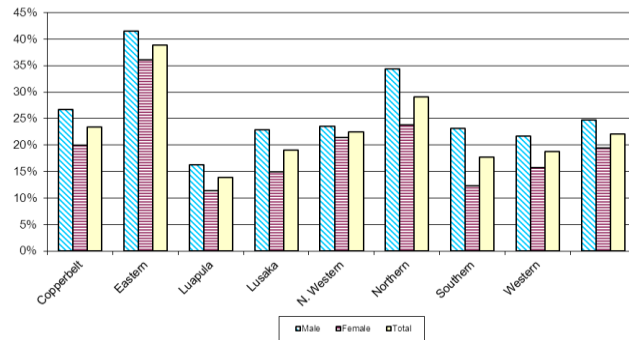
Source: Zambia PRBS Evaluation

education with a net enrolment rate of 97% in 2008, although that has since dropped to around 93% in 2010.¹⁵ Over the last decade the number of children in primary education has almost doubled. To meet increased demand for education, Government has employed 26,000 more teachers since 2000 and built 19,000 more classrooms.¹⁶

15. The government is also now prioritising access to secondary education, and aiming to create a

two-tier system of general secondary and vocational secondary schools to tackle the shortage and poor quality of skills in the Zambian economy.

Net Enrolment Rate in Grades 10-12 by province



Source: ESB 2011 (draft) MESVTEE

16. The Government's focus in the implementation of the previous National Implementation Framework (NIF II) was on infrastructure development, which was augmented and implemented through support from the first round of funding from GPE in 2009. Consequently significant progress in terms of enrolment and completion at primary level has been made. The Local Education Group (LEG) in Zambia has concluded that the new NIF III constitutes a credible pathway towards universalization of primary and secondary education.

Access remains low for Technical and Vocational Training (TEVET)

17. The expansion of the mining industry over the last 10 years, along with increased diversification into tourism, commercial farming, and related banking and ICT developments has increased demand for a more flexible, innovative, client-oriented workforce, as well as opportunities for small and medium enterprise development and self-employment.

18. Zambia is working to diversify the economy¹⁷, but it remains heavily dependent on the mining, agriculture and, to a certain extent, tourism. The skills and capability of the workforce need to be of sufficient standard to allow the economy to grow as Zambia moves forward as a lower middle income country. Currently the quality of school leavers is insufficient to deliver the workforce requirements of the country.¹⁸

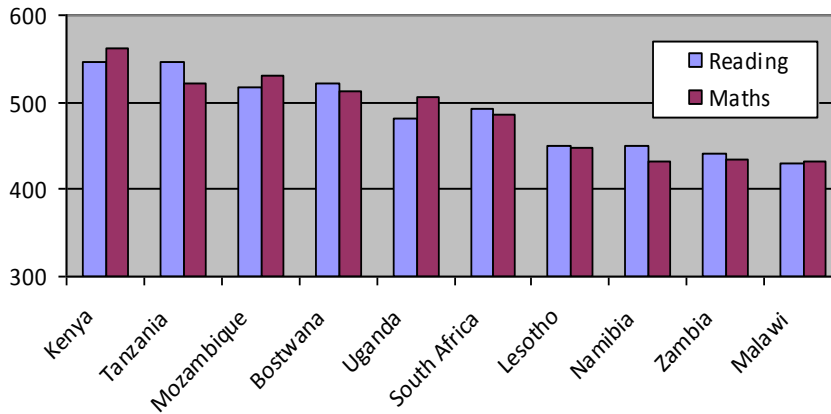
19. Despite previous investment in TEVET, both the numbers of skilled graduates entering work, and participation of girls and women in such areas remain low. Around 300,000 youths each year cannot be absorbed into the TEVET programmes due to inadequate infrastructure, tools and equipment.¹⁹ However, even when they complete TEVET programmes, many need to be re-trained when they enter industry for them to be relevant to their employers.

20. The Government has merged the Ministries of Education and Science and Vocational Training together. This is a good first step in improving coordination, supervision and policy formation in improving skills development. However, it faces constraints in policy implementation because of lack of funds and the immense geographic challenges in both urban and rural areas.²⁰

Whilst access overall has increased the quality of service delivery remains poor

21. Whilst Zambia has made huge progress on access and moderate progress in equity, there has been very little progress in quality and as a consequence, learning outcomes remain low.²¹ The quality of services is a major challenge, especially in rural areas.

Fig 4: Pupil Performance on SAQMEC II

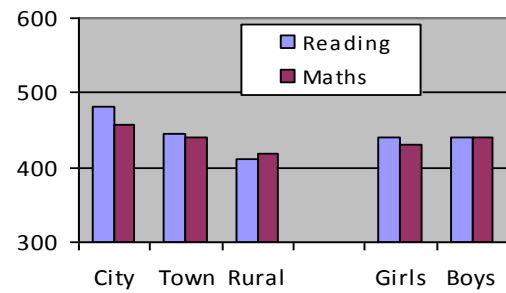


Source: SACMEQ

22. Regional and geographical comparisons shown in figures 4 and 5, suggest that the quality of primary education in Zambia is one of the worst in Southern Africa; with Zambia scoring bottom only to Malawi on regional SACMEQ²² test scores for reading and maths and much poorer performance in rural areas.

23. National assessment surveys reveal fewer than 40% of pupils reach the minimum literacy and numeracy standards at Grade 5.²³ While this data is four and five years old, it is difficult to fully understand the situation at present. Better data on learning outcomes is a critical need. Some data however is available. In 2012, USAID conducted a pilot in one district, on Early Grade Reading Assessments (EGRA) which showed around 90% of second graders tested were not able to read or recognize a single word in their mother tongue.²⁴ These poor results show systemic problems associated with the language of instruction, the time spent learning in the classroom, curriculum effectiveness, teacher preparedness, low supervision and management and adherence to an effective assessment system.

Fig 5: SACMEQ Performance within Zambia



Source: SACMEQ

24. Pupil teacher ratios (PTR) have remained flat at around 50:1 at primary level, although this average masks geographical variations; with 20 primarily rural districts having PTRs of more than 100:1.²⁵ Pupil teacher contact time, especially at lower primary, is only around four hours per day, against the recommended five hours, because of double shifting.²⁶ The need remains to decrease the high PTRs and increase contact time. The situation now is that children in lower grades only attend 3 hours of school each day, because of schools operating double or triple shift systems. Children entering secondary education or those exiting after primary education have not acquired the basic literacy and numeracy skills they need to be productive in the labour market.

Incentives to improve services, particularly to the rural poor and girls, are limited

25. Despite strong Government commitment and policies to improve living standards of the poor, Zambia's political and institutional context means there are very few incentives for

politicians and officials to focus on improving service delivery. Chains of accountability between poor Zambians who receive services up to politicians and policy makers are very weak, particularly in remote rural areas. Across the board, learning outcomes are worse for people living in rural areas.²⁷ The institutional context in which civil servants operate means that they are not adequately held to account for performance and often lack incentives to improve the delivery of services to the public.

26. Zambia's sparsely populated rural areas means that delivering adequate services equitably to all citizens is difficult and expensive. 79% of rural roads are in poor condition and access to electricity needed for schools and medical equipment and lighting is just 3%.²⁸

27. There are also important social and demographic considerations. Gender inequality means that girls, especially in rural areas, are often pressurised to marry young and drop out of school due to early-age pregnancy²⁹, although GRZ has a re-entry policy allowing girls to come back to school, only about 1/3 of the 12,255 girls in 2010 who dropped out due to pregnancy returned to school.³⁰

28. Girls are also performing at lower levels than boys. The end of primary (grade 7) exam is for progression only to junior secondary and as such doesn't assess learning. But, in order to improve equity of pass rates at primary level, the threshold is set lower for girls than for boys and is adjusted by province. This means that girls could have lower scores and skills than boys as they move into secondary schools. That could partially explain why in 2011, the gap in the completion rate at grade 9 has extended to girls completing at 12% lower than boys in 2011 (56% of girls vs. 67% of boys).³¹

29. Equity considerations in the provision of universal education in Zambia will be the foundation of the GRZ's education sector approach, with special attention to the needs and requirements of the girl-child, Orphans and Vulnerable Children (OVC) and children who are out of mainstream education systems at community schools. The objectives of the Ministry during NIF III are to increase access and retention of the marginalised learners, to improve the quality of education that is offered to the marginalised learners and to create gender responsive learning environments.

30. Dropout rates are highest among children in poorer families, districts and provinces, particularly among girls and orphans. Luapula and Northern provinces had 3.5% and 3.9% dropout rates respectively, against the national average of 2.4%.³²

Weak Government systems are obstacles to improve quality education provision

31. Both quality and access must be tackled to run concurrently for the education system to be effective. The supply of quality services relies on a combination of frontline availability of adequate funding, appropriate infrastructure, well-trained staff, operational supplies (e.g. teaching materials) and capable management and leadership to translate these inputs into effective service delivery outcomes.

32. Whilst the Government has increased finance for education, it lacks efficient financial management systems and skills to spend these resources efficiently and effectively. In recent years evidence of serious financial mismanagement has emerged in both the Ministries of Health and to a certain extent, Education leading cooperating partners to suspend aid to both sectors.³³ The Government has taken some steps to prosecute the

alleged fraudsters and the cases are currently before the courts of law, although this is a slow process. The Cooperating Partners (CPs) have worked hard with the Ministry to develop a Financial Management Action Plan, conduct semi-annual health checks on the PFM systems, and maintain a dialogue on PFM issues such as reviews of audit reports and management responses to address trends over time. The Ministry faces significant skills constraints in procurement and is struggling to manage increasing budgets. Systems are weak for prioritising expenditure programmes to allocate budgets to maximise value for money. Human resource management is also a major challenge, particularly deployment and retention in rural areas despite incentive packages.

Strengthening government systems is critical as Zambia looks towards aid graduation

33. As Zambia looks towards graduation from traditional aid, the role of Government systems will become even more important in the delivery of services. Donor funding to the education ministry is already falling from \$100m a year in 2009 (20% of the total budget), to a projected \$50m in 2012 (5% of the education budget). Strengthening Government systems is therefore central to DFID's and GPE's strategy to help Zambia on the path to sustainable poverty reduction and eventual aid graduation.

34. The need for education systems strengthening was highlighted by the recent Independent Commission for Aid Impact (ICAI) East Africa report on DFID's Education Programmes.³⁴ The report found that gains in access to primary schooling have in many countries led to deterioration in the quality of education. ICAI criticised DFID for a lack of attention to learning outcomes and recognising the trade-off between access and quality. The report recommended that improving learning outcomes should be at the heart of DFID's education strategy and any new programmes. To achieve this, funding to Governments should be accompanied by complementary technical advisory support to strengthen capacity of Ministries of Education and better tackle the institutional constraints to improving learning outcomes. Technical support should, in particular, focus on Government's capacity to monitor results and improve value for money. The provision of technical assistance and technical advisory support as a component of this programme is a key element to strengthen the institutional capacity and improve effective service delivery.

35. Helping to strengthen institutions is important as Zambia moves towards aid graduation. Better quality education, stronger institutions, accountability and transparency are key elements of what is called the "golden thread" narrative of development. Broad-based education is itself considered one of the fundamental inclusive economic institutions of an economy which promote growth and poverty reduction. Education can also ensure that citizens have the skills and knowledge to hold Governments to account. Strengthening Civil Society Organisation's (CSOs) capacity is important for providing checks and balances within the system; grounding policy to the realities on the ground. If designed well, donor support to the Ministry of Education can be powerful in reinforcing transparency and domestic accountability, for example by strengthening monitoring systems, using country systems for funding and engaging parliament and civil society in the policy dialogue.

Why DFID?

36. DFID is able to support the sector by providing financial support and technical expertise in a neutral way through Government and non-state actors. We are able to support the sector overall and provide assistance that is flexible, timely and able to address the

needs of the sector as they occur. DFID's support to education will fill a large gap left by the Dutch and the Danes who are closing their Zambia programme in 2013.

37. There is strong demand from the Zambian government for DFID to re-engage in sector level support (particularly in education). DFID support will be provided jointly with other donors providing funding to the Ministry of Education. DFID will bring support which will complement significant project-based support by USAID and UNICEF, to strengthen systems and service delivery.

38. Strengthening systems for delivering education services will complement other DFID programmes. This programme will improve the value for money of DFID's general budget support to Zambia, half of which goes to basic service sectors. DFID Zambia is investing £38m in social protection to improve the demand for basic services. This programme will directly address the supply side of basic services to ensure there are better quality services for the poor to access.

39. This programme of support to the education sector complements the existing and planned programming within DFID Zambia to improve the quality of education. These include:

- **Poverty Reduction Budget Support (PRBS):** which supports the Government of Zambia to implement the Sixth National Development Plan, of which education is around 17.5% of the total budget
- **Girls Education Challenge Fund:** this HQ managed fund is NGO focused support to improve access, innovation and quality of education for girls at primary and secondary level
- **Public Sector Reform Programme:** which aims to improve results and accountability amongst civil servants and includes a incentives postings review to rural areas for teachers and health workers
- **Sanitation Programme:** which is the development of improved school hygiene and sanitation with a focus in rural areas and delivered through UNICEF
- **Tackling Maternal and Child Under-Nutrition in Zambia:** which supports early childhood education and links to revision of home economics curriculum at secondary
- **Adolescent Girls Empowerment Programme (AGEP):** which combines training on self-esteem, health and financial management through mentoring to maintain secondary school level girls in school
- **Advancing Public Financial Management (PFM):** which will support key elements of the Government's Strategy for strengthening financial management systems across Government including accounting, reporting, procurement and audit. Our sector-level support on PFM will complement the national-level systems reforms for example by supporting the effective use of the Integrated Financial Management Information System (IFMIS).

40. It is acknowledged that additional support to the education sector outside of Government systems would serve as important and complementary support in the delivery of better quality education. It is envisaged that a separate business case will be developed that will focus on support for innovative approaches by non-state actors in specific areas such as improving girls access at higher levels of education, technical vocational training and workforce development, data analysis and usage, and better

accountability of Government to deliver quality education.

The role of GPE funding in this DFID programme

41. The Global Partnership for education has been providing support to education systems around the world. It was previously known as the Education for All: Fast Track Initiative (better known as FTI).
42. Zambia was invited to join GPE/FTI in 2002 and its first application was approved in 2008. Zambia officially received its first grant of US\$ 60 million to support the NIF II implementation over the period 2009-11. Zambia was a pioneer in adopting the GPE's basic principles³⁵ of (i) country leadership/ownership, (ii) external aid alignment and harmonization, (iii) managing for results, and (iv) mutual accountability through participatory processes and a sector-wide approach (SWAp) to planning, implementation, monitoring for results. This long history of engagement in the education sector has ensured Zambia has received additional financial support to implement its sector plans.
43. Funding from GPE is delivered through existing country level donors. In Zambia, the first tranche of support was supervised by the Netherlands and this was the first case of having a supervising entity outside of the World Bank. The Netherlands supervising entity role for GPE was aligned to the duration of NIF II. With the Netherlands exiting Zambia in 2013, it was necessary to change the Supervising Entity (SE). DFID was requested by other cooperating partners and the Government to take on the role of SE for the Global Partnership of Education (GPE) in Zambia in early 2012. Zambia has been allocated \$35.2m (£21.7m) in the second round of GPE funding which it plans to apply by March 2013 and runs to 2015.
44. As a requirement of the GPE application and implementation processes, the SE is the agency designated (a) to receive the approved GPE allocation; (b) to transfer the funds to the developing country partner; and (c) in consultation with other members of the local education group (LEG), to oversee the use of the funds as approved by the GPE Board of Directors.³⁶ The application process for the GPE funds has changed in the last year. The application uses the SE's (in this case DFID's) own programme as the programme document and does not have its own separate programme developed for the sector.
45. This means that DFID, as the SE, discusses with the members of the LEG, made up of GRZ, CSOs and CPs, on how the GPE process can be best aligned with DFID's internal programme preparation and approval process. The business case is discussed and agreed with partners during the Quality Assurance Reviews (phases 1 and 2) and then submitted for GPE board approval. This process is independent of DFID's internal approval of the business case.
46. Importantly, DFID as the SE, has joint responsibility with the government of Zambia for monitoring implementation and keeping the LEG informed of progress, delays, and changes in the implementation of support. Taking on the responsibilities of SE for GPE results in a significant augmentation of DFID's own programme of support to the education sector in Zambia.
47. Core funding (80% of the total SBS) is being provided by DFID and GPE. The remaining 20% will be provided based on acceptable performance against jointly agreed

disbursement linked milestones on learning outcomes and systems strengthening.

Donor Harmonisation

48. There are currently 7 donors that support the education sector. Of those there are three active bilateral and two multilateral CPs providing both financial and technical support to the education sector in Zambia in its implementation of the NIF III up to 2015. They work using a variety of aid modalities as shown in table 2.

Agency	Funding modality	Sub-sector Support within the SWAP	Total support 2011- 2015
Irish Aid	Pooled Fund	All areas, Financial Management	\$48.0m
Japan	Pooled Fund and projects	Teacher education	\$21.0m
USAID	Projects	Primary (reading), system Strengthening	\$91m
UNICEF	Parallel funding mechanism to the pool	Early Childhood, Primary, secondary, (Life skills and HIV + AIDS education)	\$54.6m
AfDB*	Project and GBS	TEVET	\$35.3m
Denmark*	Pooled Fund	All areas	\$ 6.1m
Netherlands*	Pooled Fund	All areas	\$11.6m ³⁷

Note: * denotes agencies that are exiting the sector and country in 2013. Their funding has been for implementation of NIF II only and stopped in 2012.

49. Denmark and Netherlands will be ending all support to Zambia by 2013, including their support to the education sector. The other bilateral donors (Japan, USAID and Ireland) remain committed to supporting the sector through the NIF III period and beyond. Ireland maintains its co-lead role, and was joined by UNICEF as co-lead in January 2012.

50. With the approval of this programme, the support to the education sector, provided by the UK through SBS and GPE will be £55.5m (\$90m) from 2011-2015, making DFID the second largest donor for the education sector in Zambia.

51. There are currently three funding modalities to support the Government to achieve its education objectives: projects, a pooled fund and General Budget Support. This business case will review the potential fourth modality of Sector Budget support (SBS). Over the longer term, there may be movement by CPs, between these modalities, as the Ministry of Education is supported to enhance its capacity in financial management. A strong financial management (FM) system will contribute to efficient planning, budgeting, implementation and better accounting for resources.

52. There is strong coordination of the CPs through the monthly Cooperating Partners Coordination Committee (CPCC) meetings. In addition, the Local Education Group (LEG) meetings include Government, CPs and Civil Society Organisations (CSOs). These meetings ensure good flow of information, early discussions on agencies' priorities to avoid duplication, and a common focus on assisting the Government of

Zambia effectively implement the education sector plan (NIF III).

53. The potential addition of SBS as an aid modality in the education sector would enable the sector to further address system strengthening of national and district level systems. This could pave the way for more partners to have the confidence to provide funds through aid modalities such as General Budget Support in the future.
54. If this programme does not proceed, DFID would continue to provide GBS, half of which is estimated to be spent on basic services, including education. Whilst general budget support aims to strengthen services it does not provide specific support to line ministries responsible for service delivery. Therefore, the impact of general budget support would be more limited than sector specific support. GBS has been declining in the DFID Zambia portfolio and is now only 25% of total DFID Zambia programming. This means less support to the sector and fewer children supported in both primary and secondary education by DFID. This is contrary to our priorities of increased access for girls and boys to quality education up through lower secondary education.

B. Impact and Outcome that we expect to achieve

55. The **impact** of the programme will be **increased achievement in learning for boys and girls**. These goals are to increase equitable access to quality education and skills training to enhance human capacity for sustainable national development.³⁸
56. The **outcome** will be **more and better quality education and skills training for boys and girls from pre-primary to tertiary education** and the outcome indicators would be:
- Increase from 60 to 72.5% the number of boys and girls transitioning from primary to junior secondary and from 45% to 53% from junior to senior secondary school
 - Reduced number of districts that have a Pupil Teacher Ratio (PTR) of more than 60:1 in lower primary (grades 1-4) from 37 to 5 districts
 - Increase % of gr. 9 pass rate from 35% to 47 for boys and 46% for girls
 - 100% of GRZ education sector PAF disbursement linked milestones are met each year
57. The **outputs** will be stronger Government systems better equipped for delivery of quality education services and improved value for money. Outputs will be delivered through support to implementation of the NIF III that will include:
- More resources and stronger systems for financial management in the Ministry of Education measured by:
 - Reduced number of audit irregularities from 60 to 15 by 2015
 - 90% of activities in the Financial Management Action Plan (FMAP) are fully implemented
 - 100% of districts using decentralised education IFMIS and sharing reports
 - Minimum 50% of education budget allocated to primary and 11% to secondary
 - Improved leadership and management systems and capacity across all levels of service delivery measured through:
 - 45% of primary school managers and administrators completing leadership and management training
 - Increase number of average days of teacher's attendance during the year

3. Improved access and availability of data for evidence-based planning and budgeting measured through:
 - a. Education statistical Bulletin published annually, with close to zero errors
 - b. National Assessment Survey (NAS) at grade 5 is conducted bi-annually and results included in the Education Statistical Bulletin
 - c. Assessment of early grade literacy and numeracy to be conducted in alternate years of the NAS at early grade level
4. Enhanced professional standards, qualifications and capacity of teachers measured through:
 - e. % of primary and secondary school teachers who have received school-based CPD in literacy, science and maths
 - f. % of secondary teachers qualified by level

58. The **inputs** will be education SBS, performance monitoring, technical assistance and policy advice. The latter will be provided by a full time DFID Education Adviser, 15% of time of a DFID PFM adviser, and some contracted specialist short term inputs. Monitoring will be backstopped by 75% of a DFID accountant/Programme officer.

Appraisal Case

A. What are the feasible options that address the need from the Strategic case?

59. The Feasible options that are most likely to achieve the impact and outcomes are set out in the strategic case and are based on the theory of change (see page 23).

60. This appraisal takes into account the global priorities of both DFID and GPE on improving the quality of education, as whatever option is selected as the most cost-effective and feasible will be supported by funding from both DFID and GPE.

61. Responding to the recommendations of the recent Independent Commission on Aid Impact (ICAI) report on DFID budget support,³⁹ the International Development Committee (IDC) report on DFID's programme in Zambia⁴⁰, the recent ICAI reports on the education sector⁴¹, and the DFID BC guidelines, the appraisal of funding options will specifically consider the following success criteria:

- a. Improve allocation of education resources (both GRZ and CP) to priority areas of service delivery.** The appropriate level of financial support is required for both the expansion of secondary education as well as improving quality for early grade literacy and numeracy.
- b. Increase likelihood of sustained impact on quality of education service delivery provision.** In order to improve education quality there is a need to focus resources in areas that produce results over the longer term, and do not necessarily have immediate political impact.
- c. Align and build capacity of national systems.** Capacity of national systems requires key elements of adequately trained staff, in leadership and management, with sufficient quality and reliable data to measure if results are being achieved. Decentralisation down to district level requires adequate skills and capacity to deliver.
- d. Influence on sector policies, strategies and implementation.** Strategies for tackling institutional constraints to more efficient public spending are important, as is linking budgeting and planning effectively, utilising tools for analysis of results to improve delivery and enhancing domestic accountability for improved learning outcomes.
- e. Reduce risk of corruption and misuse of funds** Specific targets for strengthening financial management at sector level, improving value for money and ensuring funds are well utilised, scrutinised, audited and appropriate actions taken for improvement.

62. Three options have been identified to be considered for appraisal. Each of these options involves some form of support to the Government's NIF III for the Education Sector which runs from 2011-2015. The final year of the DFID programme will continue to fund the next education sector plan for Zambia.

Option 1: Do nothing more than PRBS

This option would continue to provide general budget support to Zambia. No additional support would be earmarked to the education sector and PRBS would not decline as steeply for the remainder of the operational plan.

This option would mean that it would be unlikely that DFID would be the supervising Entity for GPE, because not all the funding would be for education and for PRBS there is a limit as to how much focus can be put into dialogue and monitoring for a specific sector.

We estimate that 20% of DFID's Poverty Reduction Budget Support funding is allocated to education, around £3 million annually. The Performance Assessment Framework (PAF) for PRBS includes an indicator on education sector performance. This currently monitors completion rates for boys and girls in lower secondary and policy actions related to retention of girls in school and the development of the national literacy programme.

Option 2: Support SWAp arrangements through pooled fund (£33m) and technical assistance (£3.1m), Supervision and M&E (£1.4m)

This option is to provide service delivery grants through a pooled fund arrangement to the MESVTEE. It is earmarked funding to finance sector priorities with the specific breakdown of 80% of total funds for primary and secondary sub-sectors, 20% for other sectors. These funds must be for non-wage expenditures and cannot be spent on salaries. For the support to primary and secondary it is earmarked as follows: 50% on school grants (including infrastructure and maintenance), 3% on teacher education, 32% on teaching and learning materials and 15% on bursaries to OVCs.

The support is implemented by the Ministry of Education for the delivery of the NIF III through the Annual Workplan and budget (AWPB). This arrangement is considered to be more in line with national policies and systems compared to separate aid projects and aims to reduce the transaction costs on Government.

As funds are ring-fenced in separate accounts, pooled funds provide some comfort against fiduciary risks and are separately audited through the Office of the Auditor General (OAG). However, as financial data is not well disaggregated down to district level, the pooled fund uses a parallel financial management and reporting system called the SUN system.⁴² Payment is made on an annual basis, against agreed performance indicators set out in the NIF III, and on agreed indicators. However, with the finalisation of the Strategic sector PAF, it is envisaged that the pooled fund may also use the PAF as the main monitoring framework for NIF III.

Option 3: Support SWAp arrangements through Sector Budget Support (SBS) grants (£33m), technical assistance (£3.1m) and Supervision and M&E (£1.4m)

This option is to provide service delivery grants as un-earmarked SBS to the Ministry of Education to fund implementation of sector strategies, and the full implementation of the NIF III, through the AWPB. It will also provide technical assistance through both a management agent (£3.1m) and technical advisory support directly through DFID (£.65 of the £1.4m).

As in Option 2, the support is implemented by the Ministry of Education for the

delivery of the NIF III and its subsequent sector plans for the final year of the programme, through the Annual Workplan and budget (AWPB). The first payment will be made upon approval of the programme in April 2013. The second payment will be made in January 2014 as will all subsequent payments. Although there is no earmarking in this option, there are performance tranches called disbursement linked milestones (DLMs). There are four process related DLMs for the first performance tranche. (see paragraph 187). Achievement of these DLMs will allow release of the first performance tranche in January 2014. For the remaining years, the DLMs have been agreed and included in the Sector PAF (see flag/annex C). These are explicitly linked to six educational attainment and system strengthening targets. These DLMs are paid out upon achievement of the DLMs in the second and third years of the programme (see paragraph 188 for details of the DLMs).

Different from option two, this option will be fully integrated into Government systems; using Government's financial and reporting systems. Technical assistance accompanies the service delivery grants to strengthen financial, HR, data and results management systems. Significant capacity building for MESVTEE staff at the centre and periphery is not a new approach in Zambia. However, what makes this TA "smarter than the business as usual" is that it will be demand driven and focused on ensuring adequate capacity is built. It will be based on the Ministry's requirements. It will be linked to the annual planning processes to have it align to the Ministry's need and be based on a TA action plan. A management agent will be selected through a competitive tendering process as described in the commercial case, and be responsible for overall financial management of the technical assistance and working with the Ministry in the development of a technical assistance management plan for the NIF III.

In addition, there are funds that will be directly managed through DFID and used for generating research and data on key areas of service delivery improvement, as well as demand driven requests from the MESVTEE. These will include financial management reviews, learning outcome data, and expansion of areas of research that have been identified within the business case as areas with low evidence levels and that are constraints to effective delivery.

63. In terms of the results expected for each option, table 3 shows that Option 3 delivers the highest numbers of children into and completing both primary and secondary schools for both DFID and GPE funds⁴³.

Table 3: Expected numbers of pupils educated for the three feasible Options

	Primary Enrolment	Primary Completion	Lower- Sec enrolment	Grade 9 Completion
Option 1 - PRBS <i>only</i>	14,540	1,821	2,767	1,148
<i>DFID</i>	14,540	1,821	2,767	1,148
Option 2: Pooled Fund	122,073	13,991	20,865	7,904
<i>DFID</i>	76,906	8,814	13,145	4,979
<i>GPE</i>	45,167	5,177	7,720	2,924
Option 3: SBS	126,294	14,470	23,970	9,102
<i>DFID</i>	79,565	9,116	15,101	5,734
<i>GPE</i>	46,729	5,354	8,869	3,368

Other Options considered but not taken forward

64. Two additional options were considered: funding through non-state actors and results based grants to the Ministry of Education. Both of these options were reviewed against the critical success criteria and achieved low scores (20 and 43 respectively).
65. The option of funding through Non-State Actors would provide funds to community schools through NGOs and Community Based Organisations (CBOs) which are poorly resourced, staffed with unqualified teachers (85% of the total)⁴⁴ and located in remote rural areas and under-served urban areas, and would not involve broader system improvements. The GRZ has prioritised upgrading community schools into the formal school system, including providing upgraded schools with qualified teachers and resources.
66. The option was ruled out because it is unlikely to improve the quality of education on a national scale, as it impacts on only 20% of the school age population, does not provide sufficient VFM and received the lowest score against the success criteria for the programme. It has limited opportunity to influence national policy and budget allocation. There remains a high level of fragmentation and the coordinating body (ZOCS) is not sufficient effective through which to channels large scale funds.⁴⁵ Supporting community schools may be best accomplished through supporting sector wide reforms around PFM, infrastructure specifications /improvements, and PSM which will support the sector as a whole.
67. The option of results-based grants to the Ministry of Education was considered carefully as DFID considers further support through this form of aid modality across all its programmes. This option would provide result-based grants tied to the delivery of specific results to improve the quality of service delivery. Instead of focussing directly on systems strengthening, this option would aim to incentivise outcome-level improvements in quality of service delivery. There is a fundamental assumption in this approach that Government has the political will and capacity to deliver quality improvements, strengthen systems and has accurate data by which to measure results.
68. This option was ruled out as not being currently feasible in the Zambian context. In a recent review of aid modalities for Zambia, it was found that there are no genuine precedents for results based aid (RBA) for education in Zambia. In addition, both proponents and sceptics can agree that the credibility of RBA depends on being able to set and to monitor relevant targets with robust and verifiable data, with RBA modalities heavily dependent on ability to set clear results targets that can be robustly monitored. An RBA approach also requires confidence that a Ministry of Education has, or can procure, the required technical inputs to deliver the results.
69. Although the approach of results based financing is not a part of this programme, there are elements of the stronger levels of government ownership of results through the use of the disbursement linked milestones in the strategic PAF. With the high level of data improvement planned through this programme, it is feasible that sufficient data and institutionalised systems would then be available for this option to be considered in the future.

B. Assessing the strength of the evidence base for each feasible option

Evidence Summary

70. **The evidence that underpins the options of the business case is considered to be medium overall.** The evidence has been reviewed in 3 main areas: (a) what improves quality of education; (b) the effectiveness of aid modalities; (c) Strengthening of Government systems. For those areas where evidence is low, DFID is working with the GPE, CPs, Ministry and CSOs to explore the key areas where further research is required to fill gaps and provide sufficient information for changes in planning and budgeting to be justified by the Ministry of Education. This will help to improve linkages within the theory of change (see page 23) as the programme progresses. It is important to see the implementation of the NIF III in its entirety. As the appraisal of NIF III⁴⁶ indicates, all the building blocks are in place and this is a relatively traditional approach in terms of infrastructure development at secondary level, along with welcomed emphasis on improving learning at primary level, particularly around the improvement of literacy and numeracy.

71. Where there is currently insufficient evidence, we have focused the evaluation plan and our further research accordingly, particularly around the areas of improving management capacity as well as those areas that are integral to improved teacher performance around posting, retention, absenteeism and pupil/teacher contact time.⁴⁷

Effectiveness of SBS as an aid modality

72. A comprehensive Overseas Development Institute (ODI) study found that SBS contributed to the expansion of service delivery by increased sector public expenditure and better efficiency in their usage. It found that efficiency gains were largest when the switch was made by more donors from other instruments such as pooled funds and projects, and when the SBS was not traceable directly back to a single donor.⁴⁸ Five key elements were found to improve SBS effectiveness: (1) large scale of support; (2) dialogue across the whole sector and down to frontline delivery level; (3) non-earmarked funds traced through the financial management systems; (4) strengthen incentives for improved performance (non-financial); and (5) have complementarity and linkage to key national reform plans for financial management, public sector, decentralisation, etc.⁴⁹

73. Evidence from a recent Zambian assessment of aid modalities⁵⁰ found that in order for UK aid to make the most difference to the total sector priorities in the education sector, DFID should follow a strategic approach to transformational impact over the longer term; providing more than just short term sector financing. The approach needs to be a collaborative one in order to be most effective; combining catalytic funding with sector monitoring and dialogue. This is particularly important as DFID is the supervising entity for the GPE funding, which overlaps in the first 2 years of the programme. DFID has a supervisory and monitoring responsibility for the addition £21.7m of support to the sector.

Strengthening of Government Systems⁵¹

74. There is medium and growing evidence around the best methods for tackling corruption and fraud including around the role of incentives for improving teacher performance and retention. A study by U4⁵² found that performance can be positively impacted by

incentive systems such as human resource management, internal benefits and rewards. However a working paper by the IMF⁵³ found that in order to be effective those incentives need both institutional and political backing. The conclusion is that salary increases alone, without effective control and monitoring systems linked to improved individual performance are unlikely to have an impact on corruption. Incentives are not necessarily financial and non-material incentives including merit and professional competence measures can have significant impact on staff motivation.⁵⁴

75. Improving teacher's capacity alone is not sufficient. There is strong evidence that leadership and management, particularly through a school based management approach, is critical for effective teaching to take place^{55 56}. Evidence from Zambia⁵⁷ and Uganda⁵⁸ suggests that investment in school management is one of the most cost-effective methods to improve the quality of education. There is some evidence supporting a broad approach to improving learning outcomes through interventions at a systems and management level.⁵⁹ There is limited evidence from Africa that indicates that changes to teacher deployment policies can make a difference in filling hard-to-fill posts.⁶⁰

What Improves quality of education?

76. The international evidence base around the issue of achieving better learning outcomes is low but growing; with a strong focus on current research. Because of the varied nature of different contexts there is no single set of conditions that will lead to better outcomes. Following a systematic review of literature on interventions on improving enrolment⁶¹ and the links to improved learning outcomes, it was found that interventions that address getting children into school and keeping them there have positive effects and increases in positive outcomes between 3-9%, although sample sizes are small.

77. There is strong evidence of the key elements needed to improve learning outcomes which include reducing teacher and pupil absenteeism⁶², increasing pupil teacher contact hours, and improving the quality of teaching by teachers. In Zambia, the school year has 190 days with a total of 665 hours, which is less than the annual instructional hours of 850-1000 recommended by Education for all (EFA).⁶³ Teacher absenteeism data for Zambia is patchy and ranged from 11% in the small EGRA sample to up to 43%. More evidence is needed to track this systematically to assist Government in planning and human resources management.⁶⁴

78. There is strong evidence on what is required for improving girls' attendance, access and completion of schooling. These include (a) gender-sensitive teaching; (b) posting and retention of female teachers, particularly in rural areas; (c) accessibility of counsellors; (d) a safe school environment; and (e) provision of science and maths camps for girls.⁶⁵ There is strong evidence that female teachers influence girls' behaviour, improve learning outcomes, and act as strong role models.⁶⁶ International evidence has also clearly shown that for every year a girl remains in school her later income rises by 10-20%, her risk of being exposed to domestic violence decreases and she is more likely to exercise her civil role throughout her life.⁶⁷

79. There is medium evidence that Zambia is addressing the issue of a mismatch between skill supply and demand. The move away from basic education to primary and lower secondary has meant that there is now a need to review the curriculum and training of

teachers at secondary level. Currently, there is a plan to have a two tier secondary education curriculum with an academic and technical stream. This has been successful in some developed countries but there is little evidence currently available from developing countries. The key is improving general secondary education quality around the softer skills of deduction, creativity and higher order skills. Specialist technical education is the most cost effective. By bringing science, technical education and vocational training together under the one ministry of education, there is scope for determining the best method for provision of effective technical education and vocational training for Zambia. There is room for cross-sectoral working in this area; particularly links to the private sector. The Bank of Zambia has developed a National Strategy on Financial Education which cites examples from education focused civil society organisations which could provide ideas for expansion of TEVET programming. The challenge is on how this change will be financed and operationalized in the urban and rural contexts. This is one particular area where there is opportunity for building better evidence and the DFID/GPE programme will have this as a focus.

80. The quality of evidence for each option is shown in table 4 and is rated as either Strong, Medium or Limited

Table 4: Strengthen of evidence for each option

Option	Evidence rating
1. <i>Do nothing more than PRBS</i>	<i>Medium</i>
2. <i>Support SWAp arrangements through pooled fund</i>	<i>High</i>
3. <i>Support SWAp arrangements through SBS</i>	<i>Medium</i>

What is the likely impact (positive and negative) on climate change and environment for each feasible option?

81. A Climate Change screening was carried out on the DFID Zambia Programme in August 2012. The main risks identified were associated with (a) damage to school infrastructure or climate-related impacts on water and sanitation in schools, which can reduce attendance, enrolment and teacher recruitment; and (b) the high element of secondary school and tertiary level construction that is a key priority of the Government, as set out in the PF manifesto. Table 5 sets out the categorisation for each of the options considered.

Table 5: Climate change and environmental review by option

Option	Climate change and environment risks and impacts, Category (A, B, C, D)	Climate change and environment opportunities, Category (A, B, C, D)
1	<i>B</i>	<i>B</i>
2	<i>B</i>	<i>B</i>
3	<i>B</i>	<i>B</i>

Categorises A as high potential risk / opportunity; B as medium / manageable potential risk / opportunity; C as low / no risk / opportunity; or D as core contribution to a multilateral organisation.

Which of these options maximises the impact of each pound spent to improve poor people's lives?

82. From an analysis of the five different options using the critical success criteria (see table 6 above), it is clear that options 2 to 3 are feasible options to achieve impact.

Table 6: Critical Success Criteria evaluated against each option

CSC	Description	Weight (1-5)	Option 1 No addition support. PRBS only		Option 2 Pooled fund		Option 3 SBS	
			A	B	A	B	A	B
			A= score B = Weighted score					
1	Improve allocation of education resources (both DFID and GPE) to priority areas of service delivery	5	2	10	5	25	4	20
2	Increase likelihood of sustained impact on quality of education service provision	5	2	10	3	9	4	20
3	Align & build capacity of national systems	4	4	20	3	12	4	20
4	Influence on sector policies, strategies and systems	4	1	4	3	12	4	16
5	Reduce risk of misuse of funds and corruption	3	1	3	2	6	2	6
	Total			47		64		82

83. With option 2, the support to the existing pooled fund arrangements which are likely to be earmarked for specific outcomes is likely to have the most impact on results in the short-term. However, with the decline in funding through the pooled fund, the impact is considered to be smaller and less sustainable and may also undermine the strengthening of national systems by continuing to utilise parallel financial management and reporting systems and diverting financial accountability towards donor funds rather than Government budgets.

84. Option 3 of SBS, is likely to have a slower and more modest impact on service quality in the short-term, but should achieve more transformational impact on strengthening the systems overall, which would be expected to achieve more lasting results in the medium to long term. This option focuses most directly on the need to strengthen Government systems, improve data and build capacity to deliver better quality of education at all levels.

Theory of Change

85. The challenges to the delivery of high quality education services have been set out in paragraphs 19-31 of the strategic case. This theory of change (TOC) applies across all the feasible options as the focus is on supporting the whole sector (SWAp). Delivery through effective and efficient Government systems is most likely to achieve sustained outcomes and impact.

86. **Assumptions:** The assumptions at each stage of the TOC that will affect the potential implementation of the programme have been set out below. The key assumption is that SBS will be appropriate and effective in strengthening management capacity & systems.

THEORY OF CHANGE

Inputs

Activities

Outputs

Outcomes

Impact

Goals

INPUTS
£37.5m over 3 years (DFID) + TA + technical advisory support from DFID adviser

Funding targeted to sector priorities through SBS

Enhanced professional standards, qualifications and capacity of teachers

Enhanced Learning environment through improved infrastructure and learning materials

Improved teacher deployment and retention in rural areas

Curriculum & inspectorate reform implemented

Improved equitable access to quality ECE, primary, secondary, TEVET and tertiary education

Improved leadership & management systems & capacity at all levels

Improved access and availability of quality data

Improved public financial management, including adequate

Better teaching and learning

Better gender equity and narrowing the gap between boys and girls at all levels

Better leadership and management of the education system

Better quality data for evidence-based planning

Better fiscal responsibility and accountability down to school level

Increased achievement in learning for Zambian boys and girls

Education outcomes enable Zambian girls and boys to be competitive in the local economy

Improved equitable access to quality education and skills training to enhance human capacity for sustainable national development

INPUTS
£21.7m over 3 years (GPE)

Provision of Technical Assistance for implementation of education sector Priorities

Assumptions

- Sufficient budget to implement all activities in the AWPB for NIF III
- AWPB is approved early enough in the annual cycle for full implementation
- Funds from DFID and GPE are released to MINISTRY OF EDUCATION without delay & used for NIF III
- Staff at all levels is motivated to receive training and technical assistance in implementation of their AWPBs
- Training is well targeted and opportunity is given to use the leadership & management skills

- Better managed teachers are motivated to attend & teach
- Trained teachers, school managers and administrators will remain in their districts and schools once trained, especially in rural areas
- leadership and management training at all levels and improved PFM improves system effectiveness and efficiency
- data is accurate, disseminated, & used for planning & budgeting
- Operational grants remain available to schools & are regular and timely
- Unit costs for education delivery, (i.e. PE) do not continue to increase
- Coordination between general education & science/TEVET with the MESVTEE is effective
- Effective coordination and capacity of CPs through TA provision to strengthen GRZ systems

- Government & CPs continue to prioritise quality improvements in primary education
- All stakeholders (Government, civil society, parents and children) continue to value the education available in Zambia and are willing participants
- Future economic changes (as Zambia moves towards graduation from aid) will not prevent the impact from being achieved over the longer term.

Political Appraisal

87. The challenges for Zambia are to maintain the trajectory to achieve universal primary education access while addressing the key constraints to quality. Changes in political leadership have meant less stability although in the transition to the new government in 2011, some issues have made significant progress. Political leadership has increased with the new Government and the present Minister of MESVTEE is showing leadership and political commitment. However, there have also been delays because of changes to personnel in the last 12 months. There have been 2 new Permanent Secretaries, new Directors of Planning and Information, Standards and Curriculum and a new Chief Accountant. Changes in senior positions demonstrate that the highest level of Government is keeping an eye on the education sector and is showing commitment to delivery. This can mean, however, that it can slow down processes as people settle into their new positions and can lead to institutional erosion; putting pressure to deliver on people who are less experienced within the senior management in the Ministry. Largely the changes are felt to be positive in moving forward implementation, particularly related to improving public financial management and effectiveness of payroll controls.⁶⁸
88. The Government considers education to be a priority sector. However, within the political manifesto for the Patriotic Front, the focus has shifted from primary to expand secondary and tertiary level infrastructure and improve access to secondary education for all. This is in line with the NIF III. However, with the constraints of an insufficient budget for non-wage expenditures, the quality focused activities risk being under-prioritized and underfunded. These include operational grants to schools and quality focused activities such as improving quality of education at primary level in literacy and numeracy, teacher education, inspection, supervision and leadership and management.
89. The role of cabinet and parliamentarians could be strengthened from its current position, where many of the key decisions are made within the political fora and those views could take precedence over formal policy objectives in the sector.
90. Private sector has had minimal impact but is becoming important, particularly in relation to skills development/vocational training, university education and early childhood education, where it accounts for over 81% of the service provision.
91. Teachers themselves are seen as important in improving governance within their communities and their participation is a key element within the electoral processes. With over 77,000 teachers they have a strong ability to influence at community level that is politically well understood and utilized.
92. Advocacy to improve the quality of education has been weak overall. There are few policy researchers, academics or journalists who comment regularly on the sector to provide accountability within the system. Civil society has had some success in advocating for improved quality related to getting the government to take administrative and financial responsibility for community schools and in amending the 2011 Education Act. There is significant space to improve their advocacy capacity and influence.

Environment and Climate Change Appraisal

93. The impacts of climate change are manifesting in changes in temperatures, increased variability of rainfall, increased unpredictability of 'seasons' and an increase in climate related natural disasters, flooding and drought. Climate models show that some

provinces will be more vulnerable to the impact of climate change than others, with changes in settlement behaviour the likely result i.e. displacement through increased water insecurity.

94. Climate change and environmental degradation result in decreased attendance at school. Research in Côte d'Ivoire linking rainfall patterns and investment in children's education shows that in regions experiencing greater-than-usual weather variability, school enrolment rates declined by 20 per cent for both boys and girls.⁶⁹ Reductions in household income influence decisions regarding the number and the gender of children sent to school as well as the ability of families to support their regular school attendance. In addition, deteriorating livelihoods are likely to increase the time required to collect clean water and fuel, and to care for siblings and the sick. Research suggests that in all instances these activities disproportionately affect girls, impacting on gender equity and female student performance.⁷⁰
95. Conversely, education provides a significant opportunity for improving environmental management – a direct contributor to improve livelihoods and economic growth – and building resilience to climate change: *A well educated population is better equipped to recognize in advance the threats posed by a changing climate and to prepare for its impact*⁷¹.
96. It is well documented that climate change and environmental degradation impact the poorest first and hardest. They result in decreased attendance at school and will undermine progress against each of the MDGs. Conversely, education offers significant opportunities to build resilience to climate change and reduce environmental degradation. The immediate challenge is to 'climate proof' the education system through assessment and planning for imminent risk (adaptation). The longer term challenge is to develop an education system that equips learners with the requisite skills, knowledge and attributes to deal with future challenges. It is well documented that children with a higher level of scientific education have increased capacity to improve the management of natural resources and better prepare for climate change.
97. The Ministry of Education has already been addressing climate change and environmental impact issues and is working with some organisations, such as British Council to address the issue. Some elements have been included in the curriculum but could be further strengthened.
98. The programme is likely to have some direct impact on the environment with the construction of new secondary schools and higher education institutions. These school sites are chosen based on political rather than urban/rural planning guidelines. However, it is not likely to introduce new policies or processes that are environmentally unsustainable.

Social and cultural appraisal

99. All of the options appraised above address the wider social context of gender discrimination within which girls live, specifically and the constraints that limit girls from achieving higher levels of education. Evidence suggests that education programmes that focus only on girls and ignore the society around them may have limited impact. Interventions proposed within the NIF III, if fully implemented, will look at teacher/human resource management (such as posting females to rural areas), science and maths

camps, and bursaries for girls and OVCs. This includes the importance of ensuring that schools and the community are safe especially for girls and other OVCs. Options 1 and 2 will not focus on improving data availability, where Option 3 will improve quality of data (disaggregated by gender and urban/rural) used in the dialogue.

100. All options will have the PAF indicators gender disaggregated and will focus on addressing the differences in learning outcomes of girls. The agreed earmarking of Option 2 does not have a focus on improving gender equity, although this option will also use the strategic PAF for the sector as the main indicators upon which to measure performance.

101. Although Zambia has made significant progress in increasing school enrolment levels, there remains a number of challenges in terms of equitable access to education for girls, the poor and marginalised groups including children living with disability and other special needs. However, there is a disproportionate emphasis on tertiary education which tends to benefit the better off. A recent World Bank working paper analysed the benefit incidence of education expenditure in Zambia by comparing education expenditure and access to services by income levels. Whilst primary education receives the largest share of education spending, spending per pupil at secondary is 3 times that at primary and tertiary spending per pupil is 35 times that of primary. At primary & lower secondary levels access to public education services was found to be largely equal across income groups, with the exception of the richest quintile (where many children will be in private school). At higher-secondary and tertiary the benefits become more heavily skewed towards the higher income children with 85% of the benefits from tertiary education spending going to students from the richest 20% of households. The study concluded that whilst the net benefits of primary and secondary education spending are both pro-poor and progressive, this is ultimately outweighed by the “extreme concentration of tertiary education benefits among the wealthiest members of Zambian society”.⁷²

102. As girls progress through the secondary school, the rate of drop out increases sharply. Often this is due to deeply embedded social norms which favour boys’ education over that of girls. Customary laws and community attitudes towards girls’ access to education could undermine achievement of the expected outcome and impact, particularly as girls’ progress through the system. In order to address this situation, engagement with key community gatekeepers (head teachers, Parent Teacher Association (PTA) chairs, chiefs) is paramount. There is a need to be engaged in the issues and importance of girls’ achievement in their schooling. Evidence shows that exposing girls to female teachers will increase their attendance and completion rates. The role of female mentors is particularly important in the development of adolescent girls⁷³. Female teachers specifically can be effective role models when they assume social responsibility and positions of importance in remote rural areas. Their influence can make profound differences in girls’ participation and completion.⁷⁴

103. There is a significant gap between educational attainment of rural and urban children.⁷⁵ This is reflected in GRZ’s distribution of resources to urban and rural areas through the deprivation index that decides the amount of additional allocation for those more deprived districts (of up to 20% more resources). Those additional resources for children in rural district may have an affect on improved performance, attendance rates of pupils and teachers and increased access.⁷⁶ Ensuring the operational grants reach

schools is a priority of Option 2 through the earmarking of 50% of total pooled funds. Option 3 does not have earmarked funds, 24% of the SBS funds will be used for non-wage expenditure in the sector,⁷⁷ but has higher impact as it accounts for the full budget and not only 5% of funds through the pool.

104. Public education is one way of improving social cohesion. It evens the playing field so that all children have access to education. Community schools are accepted by Zambians as necessary in rural areas and under-served urban areas where services are limited, but there is an expectation that Government will provide teachers and necessary inputs such as operational grants to these schools to allow them to function well until they can be upgraded into full primary schools.⁷⁸ Better coordination and management of community schools between ZOCS and MESVTEE is required to ensure this complementary provision is adequately managed and resourced, while the conversion into fully primary schools is underway.

105. Policies exist to improve access to education for those disadvantaged by poverty, special educational needs and gender⁷⁹. The establishment of the re-entry policy for pregnant girls provides girls with the ability to return to school but the reality in Zambia is that less than 30% of those girls go back and complete their education. 90% of girls dropping out of basic education (up to grade 9) are from rural areas. This policy should disproportionately provide support to rural school girls as they are the group most likely to fall pregnant.⁸⁰

106. Child labour is an accepted phenomenon in Zambia. More than one out of every three children (950,000) aged 7-14 do unpaid, usually agricultural, work. 28% of those are under the minimum age of 13⁸¹. 81% of those children who work also attend school. They spend an average of 4.4 hours per day working, excluding household chores. This is much more a rural than urban problem, with urban children more likely than rural to attend school and not be working (74% vs. 40%). Evidence shows that child labour is associated with higher levels of repetition, slower grade progression and reduced school life expectancy.⁸² International interventions to reduce child labour, through cash transfers for example, have not shown any impact on school participation.⁸³

107. 40% of the population lives without sustainable access to an improved water source and 36% without access to improved sanitation facilities.⁸⁴ This low coverage could be partly explained by the cultural perception in Zambia of its relative unimportance. Adequate water and sanitation, while internationally agreed to have an effect of school participation, particularly for teenage girls, and on child health, receives only limited political support and little effort to promote WASH in Schools as a priority area.⁸⁵ There is currently insufficient inclusion of sanitation within new school construction guidelines. There is poor knowledge, planning and coordination, including unclear roles and responsibilities, between ministries and between national, provincial, district and local levels. Unfair or unenforced budgetary allocation criteria marginalize remote schools most in need of additional support. Students with special needs are also marginalized as most schools do not provide adequate WASH facilities to maintain their independence and dignity. Support to institutional strengthening, through technical assistance and support within the sector dialogue on these issues is part of options 2 and 3.

108. Given the nature of SBS, DFID is committed to using its role as the supervising entity (SE) in the education sector to actively engage in sector dialogue with government. In

particular, DFID will use its position to advocate for the rights of girls and poor and marginalised children including those living with disability to be addressed.

Institutional Appraisal

109. A wide range of actors and stakeholders are involved in the education sector. These include core public service agencies like Ministries; frontline service providers like teachers; oversight agencies like the Anti-Corruption Commission and the Office of the Auditor-General; and non-state actors like traditional authorities and religious bodies. In addition to government departments and agencies within the government, other actors in the education sector include politicians, parliamentarians, private traders and contractors, various unions, donor agencies and CSOs and FBOs.
110. The provision of education through community schools provides access but insufficient quality. Typically, community schools operate with poor infrastructure and volunteer teachers who are generally unqualified. With 34% of the primary schools, accounting for approximately 20% of the primary level enrolment, this is important at an institutional level. However, community schools lack an effective coordinating mechanism since the collapse of ZCSS in 2006, and are not well coordinated with the MESVTEE organisational structure. Operational Guidelines for Community Schools exist but implementation of the guidelines has been patchy, and there has been little guidance to the provinces and districts on their provisions and implementation modalities. It is only with the 2011 Education Act that community schools have been legally recognised; however, the support to be provided is not spelt out in the Act.
111. Zambia is one of the most centralised countries in Africa although its education functions are devolved and complex. There are more than 9,000 education institutions 10 provinces and 100+districts. The key administrative agents are the Provincial Education Office/Officer, the District Education Board Secretary (DEBS) (formerly District Education Officer) and the School and College Boards. Various key activities, such as annual planning, are initiated at the district level. These activities are consolidated at the provincial level and finalised at HQ. The Provincial Education Offices are responsible for coordination of the implementation of programmes and activities, monitoring and supervision of policy and standards as well as ensuring accountability in the education institutions in their province. The DEBS may report to the District Administrative Officers (DAO) for administrative/district purposes and through their respective provincial offices to the Ministerial Permanent Secretary for professional/functional matters. The rather complex structure of committees at the district level, and the focus on vertical reporting to parent ministries often limits effective collaboration at the district level. Devolution of decision-making authority to the lower levels is a key priority of the new PF government and there is now more commitment to moving the decentralisation programme forward. The local authorities will assume more responsibility in the service delivery.
112. Management styles are more collaborative than competitive and focused on group solidarity, rather than being solely task orientated. Success is seen more so as status provision than financial remuneration.⁸⁶ The basic difficulty facing those seeking to professionalize the civil service in the education sector is related to performance management, recruitment, deployment, retention and discipline. When this moves from discretionary to merit-based recruitment and promotion it can deprive superiors of some of their influence. This reduction of influence, in conjunction with the technical and

administrative complexities inherent in setting up and operating a merit-based personnel system, makes the enforcement of reforms particularly difficult in the education sector⁸⁷.

113. The Ministry of Education (MESVTEE) as an institution is a mixture of formal and informal behaviours. An important aspect to note is that while MESVTEE is subjected to various outside pressures and influences, any “borrowed” values suggested by CPs and CSOs become meaningful and legitimate only when they have been domesticated and acted upon by key groups in MESVTEE.

114. The key actors within MESVTEE policy processes include the Directorates of Planning and Information; Teacher Education and Specialised Services; Standards and Curriculum; Open and Distance Education and Human Resource and Administration. Like any professional workers who occupy a specific policy space, these professionals are continually seeking policy options that respond to the numerous internal and external pressures that are experienced by the Ministry. Whilst the overall investment in education has increased, this has been focused on increased teacher’s salaries. The unit resources or funding levels for each pupil and student have decreased. Many have realised that the current economic and socio-political environment demands that teachers have to do more with less.

115. CSOs have increased their role and stake in the education sector in recent years. There are currently 60+ NGOs and church organizations operating in the education sector⁸⁸. However, CSOs have had little space in the sector dialogue in the past five years to advocate effectively and therefore have not been particularly influential in the sector at national level. For instance, a prominent CSO in the sector, the Zambia National Union of Teachers (ZNUT), has been criticized for not driving policy formulation or acting as a watchdog on management practices and programme implementation. But this trend is gradually changing. ZANEC and ZOCS have recently been instrumental in assisting Government to take administrative and financial responsibility for community schools through the development in 2007 of the *Operational Guidelines for Community Schools* and the recognition of community schools in the 2011 Education Act. Furthermore ZANEC played an important role in the amendments to the 2010 Education Bill, on Government’s ability to sell or lease public schools. Organisations such as FAWEZA and CAMFED have been instrumental in sustaining focus on girl’s education.

What are the costs and benefits of each feasible option?

116. There is a strong economic rationale for public financing of school-level education given high social returns to human capital. Education is widely considered as a “merit-good” by economists, as private benefits are not realised at the time of consumption. To address these market failures, going to school is compulsory in many countries. In most countries education is also provided by the Government to ensure equality of opportunity and social cohesion.

Costs of each option

117. The incremental costs of each option are very similar, combining financial aid, technical assistance, DFID time, and transaction costs for the Government of Zambia. As is clear in Table 7, the largest cost element under each option is financial aid.

Table 7: Incremental Costs of Each Option (£)

	2013	2014	2015	2016	Total	NPV
Option 1: PRBS only	6.20	10.20	10.20	7.20	33.80	29.31
DFID Financial Aid	6.00	10.00	10.00	7.00	33.00	
DFID staff time	0.20	0.20	0.20	0.20	0.80	
Option 2: Education Pooled Fund	13.13	18.88	19.28	8.10	59.39	52.31
DFID Financial Aid	6.00	10.00	10.00	7.00	33.00	
GPE Grant	5.30	6.80	6.90	-	19.00	
Technical Assistance (DFID & GPE)	1.33	1.73	1.63	0.60	5.29	
DFID/GPE staff time, supervision & evaluation	0.40	0.25	0.65	0.40	1.70	
Additional GRZ staff time	0.10	0.10	0.10	0.10	0.40	
Option 3: Education SBS	13.03	18.78	19.18	8.00	58.99	51.96
DFID Financial Aid	6.00	10.00	10.00	7.00	33.00	
GPE Grant	5.30	6.80	6.90	-	19.00	
Technical Assistance	1.33	1.73	1.63	0.60	5.29	
DFID/GPE staff time, supervision & evaluation	0.40	0.25	0.65	0.40	1.70	

Benefits

118. The main economic benefits from investing in education can be estimated using evidence on the returns to schooling. Returns to schooling estimates are generated using econometric techniques to analyse the income effect associated with completing additional years of schooling. The latest evidence for Zambia was a study by Neilson and Neilson in 2001. They estimate that there are high returns to primary education in rural areas for boys and girls and high returns to secondary education in urban areas.

119. A review of evidence suggests likely ranges of returns to schooling in Zambia as follows:

Table 8: Ranges of estimates of returns to schooling in Zambia

	Min	Mid-point	Max
Primary (Grade-7)	2.6%	4.7%	6.8%
Secondary (Grade-9)	4.8%	7.7%	10.5%

120. To estimate the total returns generated by the options, we need to estimate how many children will complete Grade-7 and Grade-9 due to DFID and GPE support under each option. To estimate this, we first need to estimate how the funds would be allocated under each option. We then use the NIF III Financial Projections developed recently by the Ministry of Education (with DFID support) to calculate the projected increases in completion rates given different funding scenarios.

121. In each of the options DFID and GPE financial support would contribute to the Government's budget, with options two and three contributions explicitly focused on the education sector. Support to the education budget under Options one and three would be un-earmarked and therefore is allocated in line with the composition of Government spending plans. Under the Pooled Fund there would continue to be some level of earmarking towards primary and secondary sub-sectors. Tables 9 and 10 below show our estimates where our funding under the three options that would be expected to go towards:

Table 9: Breakdown of GRZ spending plans for education

	2013	2014	2015	2016
Primary	42.1%	42.8%	42.3%	42.3%
Secondary	41.0%	40.9%	42.1%	42.1%
Other	16.9%	16.3%	15.7%	15.7% ⁸⁹

Other includes: Early Childhood Education, Tertiary, Teacher Training, TEVET, Management and Administration

Table 10: Estimated breakdown of financial aid costs across education sub-sectors (£)

	2013	2014	2015	2016	Total	% share
Option 1: PRBS only	6,000,000	10,000,000	10,000,000	7,000,000	33,000,000	
Education	1,200,000	2,000,000	2,000,000	1,400,000	5,200,000	20%
Primary	505,755	855,085	845,479	591,835	2,206,319	42%
Secondary	491,780	818,901	841,386	573,231	2,152,067	41%
Other	202,465	326,014	313,135	219,800	841,614	16%
Other sectors	4,800,000	8,000,000	8,000,000	5,600,000	26,400,000	80%
Option 2: Education Pooled Fund	11,300,000	16,800,000	16,900,000	7,000,000	45,000,000	
Primary	4,633,000	6,888,000	6,929,000	2,870,000	18,450,000	41%
Secondary	4,068,000	6,048,000	6,084,000	2,520,000	16,200,000	36%
Other	2,599,000	3,864,000	3,887,000	1,610,000	10,350,000	23%
Option 3: Education SBS	11,300,000	16,800,000	16,900,000	7,000,000	45,000,000	
Primary	4,762,527	7,182,710	7,144,299	2,959,177	19,089,536	42%
Secondary	4,630,930	6,878,770	7,109,708	2,944,849	18,619,408	41%
Other	1,906,544	2,738,520	2,645,993	1,099,000	7,291,057	16%

122. Option one (PRBS only) would have the lowest allocations to primary and secondary as only 20% of funding would be assumed to go to the education sector. With option two and three, the sub-sectoral allocations would be similar. Under the Pooled Fund a slightly higher share would go towards non-primary or secondary as some funds have been earmarked specifically for teacher training. Option three would allocate 83% to primary and secondary, compared to 77% under the Pooled Fund. Under Option 3 roughly equal shares of DFID and GPE support would be allocated to primary and secondary with the remaining 16% going to other sub-sectors and management costs.

123. The estimates for expenditure shares can then be used to estimate the additional number of children completing grade 7 and grade 9 due to DFID and GPE support. These are based on the Ministry of Education financial models developed for the NIF III. The estimated number of children completing primary and lower secondary is set out in table 11. With Option 1, DFID support will only fund 0.1-0.2% of the education budget therefore the total number of children completing grade 7 and grade 9 attributable to DFID is relatively modest, at 2,969. Under option two DFID and GPE would support 21,895 children, and 23,572 under option three. The overall numbers of children supported are slightly higher under option three as slightly more funding would go towards primary and secondary sub-sectors.

Table 11: Estimated number of children completing G7 and G9 attributable to DFID/GPE funding

	2013	2014	2015	2016	Total
Option 1: PRBS only					
G7 completers	375	575	508	362	1821
G9 completers	213	352	346	236	1148
Option 2: Pooled Fund					
G7 completers	3,435	4,633	4,166	1,757	13991
G9 completers	1,759	2,601	2,505	1,039	7904
Option 3: SBS					
G7 completers	3,531	4,831	4,295	1,812	14470
G9 completers	2002	2958	2927	1214	9102

124. The economic benefits based on returns to schooling have been estimated over a period of 12 years, using a discount rate of 10%. The counterfactual for the analysis of the income effect is based on Zambia's currently level of GNI per capita (\$1,170) which

is projected to grow at 7% a year in real terms (in line with current GDP growth projections). The results in table 12 show that the rates of return are very similar across all the three options. One of the main conclusions is that the benefits under each option would justify the costs.

Table 12: Net Present Value (NPV) of Costs and Benefits

	NPV Costs	NPV Benefits	BCR	IRR
Option 1: PRBS only	£ 4,778,755	£ 6,397,663	1.34	34%
Option 2: Pooled Fund	£35,265,132	£48,401,762	1.37	37%
Option 3: SBS	£38,392,573	£51,804,411	1.35	35%

125. **Sensitivity analysis** was carried out on the measure of average income used in the cost-benefit analysis. As the benefit estimates are based solely on income returns to schooling the results are particularly sensitive to the value of baseline income assumed, in this case GDP per capita. The sensitivity analysis tested three other measures of income: GNI per capita, mean income per capita based on the latest household survey data (LCMS 2010), and an estimate of average income per person aged 12-64 based on the latest household survey. Table 13 sets out the results which show that when using the lowest estimate of average income (£404) as the base-case, the programme is expected to generate a positive rate of return over a 20-year period.

Table 13: Sensitivity Analysis of baseline income assumptions

Income measure for estimating benefits	Baseline income value of average income	Rate of Return		
		12-years	15-years	20-years
a) GDP per capita	£890 \$1,425 (2011)	35%	70%	122%
b) GNI per capita (atlas)	£725 \$1,160 (2011)	10%	38%	81%
c) Estimated average income per person aged 12-64 based on 2010 household income survey	£521 ZMK 4,170,000 (2010)	-21%	-1%	30%
d) Mean income per capita based on 2013 household income survey	£404 ZMK 3,228,000 (2010)	-39%	-23%	9%

126. The cost benefit-analysis has only focused on the economic benefits from returns to schooling of completing primary and lower secondary (Grade-9). Other expected benefits, including returns to upper-secondary and tertiary education have not been included. The **wider economic and non-economic benefits** beyond the education outcomes are expected to be significant. The primary wider benefits will be on health outcomes. Studies for low-income countries show strong links between education of mothers and reduced likelihood of under-5 mortality. Research from Zambia is used globally to show that education has a strong positive affect in reducing HIV/AIDS prevalence. During the 1990s, Zambia's HIV infection rates fell by almost half among educated women but showed little decline for women with no formal schooling. Other studies in Zambia have shown that the more schooling young people have, the less likely they are to have casual partners and the more likely they are to use condoms.⁹⁰

127. **Benefit incidence and equity considerations:** As noted in the social appraisal, the net benefits of the majority of education spending in Zambia (to primary and secondary education) are found to be pro-poor.

Appraisal of different funding modalities

128. As the cost-benefit analysis has shown, the costs and benefits of the three options are similar. The key difference between the options is in the financial aid modalities for supporting the Government budget.
129. DFID commissioned an external appraisal of the different funding modalities for education in July 2012. This appraisal found that PRBS (Option one) can be a good way to support broad funding to education (and other basic services) as it focuses on revenue and crowding in Government resources through the national budget process. A recent evaluation of PRBS to Zambia concluded that the move to general budget support has had a positive impact on education funding, improved allocative efficiency and enhanced sector policies. However, it also found that PRBS was limited in its scope to focus down on service delivery issues in particular sectors and has had little impact on the quality of basic services.
130. The pooled fund supported non-wage expenditure and provides funds for key areas that are not always prioritised in the Government budget. It has been successful in shifting the dialogue more to the quality agenda and worked hard to ensure improvements in public financial management over the last 5 years. This has included semi-annual health checks and the development of the Financial Management Action Plan, which ensures regular review of the sector's management of pooled funds. The pooled fund CPs have been working towards SBS, but felt in 2010 when funding was suspended, that insufficient progress was made yet to move away from the pooled fund mechanism as the ministry maintained its focus on infrastructure development and less attention on the areas of quality, equity, public financial management and accountability systems. That is the current position of the pooled fund CPs. The appraisal of financing modalities concluded that the pooled fund (option 2), "as it currently operates, is not an efficient mechanism" due to the very high transaction costs it places on the Government.
131. The report recommended the funding modality of SBS with disbursement linked to performance of a strategic PAF containing a mix of outcome, policy process and budgetary milestones.
132. The main advantages of SBS are sustainability (by reinforcing the strengthening of local systems), reduced transaction costs (by not imposing parallel financial systems), and the potential to influence sector expenditure and policies (as opposed to tracking donor funds). SBS funds flow through the Government budget and are reported on using national systems for financial management and auditing. Dialogue around SBS can therefore focus more on sector policies, results, and budget. GRZ should be making decisions on their capital recurrent and non-wage recurrent funding as part of the overall budget process (this is more likely through SBS than in the pooled fund – not distorting budget process by being off-budget and providing a buffer for the non-wage expenditure).
133. SBS can also expand the opportunities to maximise complementarity with other partners with a mix of aid instruments. SBS should help to strengthen links between education sector support and the broader PRBS process. Whereby projects can add value by experimenting with service delivery improvements at a local level, SBS can help to ensure lessons learned are fed into the national policy making process.

Appraisal Conclusion

134. The selected option is for DFID and GPE grants to be provided jointly to the sector through education sector budget support. The SBS modality offers more flexibility (as compared to the Pooled Fund) to channel resources to the budget. First, all financial resources are used for the implementation of NIF III priority activities as set out in the AWPBs. Second, the implementation relies on national systems for both procurement and financial management. And third, a portion of the funds will be released based on the achievement of agreed disbursement linked milestones (explained below).
135. By supporting the sector through SBS, funds will be fully aligned to GRZ financing systems. DFID, along with CPs, will monitor progress on performance of its funds as well as the GPE funding through the Education Joint Annual Review (JAR) and the agreed strategic PAF⁹¹ for the education sector.
136. Out of the total indicators included within the Strategic PAF, there are six indicators identified as Disbursement Linked Milestones (DLMs). In addition for the release in January 2014, there are an additional four DLMs. Details of these are found in paragraphs 187 and 188). The performance against these specific indicators will be measured and assessed annually and will be the basis of a decision for additional funding to be released to the sector in the following year; depending on the number of DLMs met. The 80% core funding provided by DFID and GPE will be supplemented by additional funding for achievement of the DLMs for the remaining 20% of the total annual SBS budget.
137. The SBS modality is also the best modality to add value to development policy through technical advisory support and technical assistance. As a main strategic partner for development policy advice overall in Zambia, DFID's ability to provide technical assistance to the education sector means our contribution can support improvements in sector policy, PFM, monitoring, planning, data collection and availability, and increased accountability. This work has already started in the last six months during the programme preparation, through the development of the strategic sector PAF.

D. What measures can be used to assess Value for Money?

138. There are several value for money (VfM) issues to be considered in education spending. These range from analysis of the biggest costs such as teacher salaries and school infrastructure, to unit costs of learning materials, and value for money in resource allocation and procurement for the sector as a whole.

Teacher salaries

139. Wages and salaries currently make up over two-thirds of education expenditure. The average annual cost of a Zambian Government teacher is now K50 million—equivalent to £6,250.⁹² This appears high relative to data on teacher salaries in other countries in the region. However, it includes the total cost to employer (salary, tax, pension, allowances) and is the average cost of all teaching staff, including secondary and head teachers. The average cost of a new primary teacher is lower and is likely closer to what other sources cite as average teacher salaries at around K25 million or £3,230 or \$5,180 a year in 2011, with take home pay of around K24,000,000 a year.⁹³

Table 14: Regional comparison of teacher salaries

Teacher salary	GDP pc (\$US)	Ratio
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	(US\$)	(2011)	
Zambia	5,180	1,425	3.6
Malawi	1,922	371	5.2
Mozambique	2,224	535	4.2
Tanzania	3000-4200	529	5.7 - 7.9
Ghana	3,978	1,570	2.5
Zimbabwe	3,052	776	3.9

140. Relative to GDP per capita, teacher salaries in Zambia do not appear high compared to other countries in the region and are lower than in neighbouring Malawi and Tanzania, as table 13 shows. Average teacher salary in Zambia is now 3.6 times GDP per capita. A UNESCO report in 2003 on teacher pay and conditions in Africa concluded that “a reasonable level for an average teachers’ salary would be about 3.5 units of GDP per capita”.⁹⁴

141. To really assess the VfM of paying teachers, it is also appropriate to compare the level of teacher salaries with quality of education indicators in different countries. Unfortunately, Zambia performs poorly on educational quality indicators globally and regionally. Many countries that pay teachers much lower are achieving better standards when it comes to learning outcomes for children.

142. This obviously raises concerns over the value for money associated with DFID and GPE support to the education sector in Zambia, under any of the feasible options. Given that it is not politically feasible to drive teacher salary costs down; the key issue is how to improve the quality of teaching and to avoid further excessive increases in salaries. Policy dialogue and technical assistance around teaching quality will be a critical element of DFID and GPE programme. It will be a priority to develop clear measures to monitor education quality.

School construction and learning materials

143. In Zambia the cost of constructing a primary school is estimated at \$75,000 (three classrooms plus teacher housing) and the cost of constructing one classroom in an existing school Zambia is estimated at \$4,200. The cost of a text-book is cited at \$5. Table 14 below shows how these unit costs compare to other countries where DFID has programmes. The cost of classroom construction appears in line with other middle-income countries such as Ghana, and neighbouring countries such as Malawi and Mozambique. The unit cost of a textbook stands out as the highest level across all the countries listed. It is likely that this is in part due to high costs of doing business in Zambia. With a relatively small population and decentralised policy of textbook procurement to districts, it may be that Zambia is not taking advantage of economies of scale in textbook procurement, compared to countries that source textbooks in much larger numbers at a national level and then distribute them to schools. A review of the decentralised textbook system established that there are efficiency gains to be made in textbook procurement to address the high cost of textbooks in Zambia.⁹⁵

Country	Average Cost of Primary School Textbook	Classroom construction
Ethiopia	1.7	1,400
Ghana	3.5	22,625
Kenya	2.5	7,400

Malawi	3	17,760
Mozambique	1.23	18,466
Nigeria	3.2	12,500
Rwanda	3	8,278
Sierra Leone	1.5	13,500
South Sudan	0.69	30,400
Tanzania	2	6,700
Uganda	4	5,800
Zambia	5	19,500
Zimbabwe	1	
Bangladesh	0.35	15,000
India	0.6	11,823
Nepal		
OPT	0.46	
Pakistan	0.6-0.75	3,835
Data are not directly comparable		

Allocative efficiency of education resources

144. There are, therefore, significant opportunities to improve value for money through more efficient allocation of expenditure and resources in the sector. A 2011 evaluation of education sector support to Zambia concluded that “there are serious inefficiencies in the allocation of resources, deployment of teachers and the distribution of classrooms, all of which have negative impact on the effectiveness of basic education”. For example, there are large differences in pupil-teacher ratios across GRZ schools. For one third of pupils this ratio is lower than 40:1; whereas for 10% of pupil it is over 100:1. In some schools teachers are only teaching one class (half a day) and absenteeism has increased. These findings imply a serious waste of the most important and most expensive scarce resource in the education sector.

145. The evaluation also found that allocation of teachers across districts is regressive, with relatively fewer teachers being deployed to the poorer districts. A World Bank study in 2006 found that “schools with pupils from high-income households employed the most experienced teachers and have significantly lower pupil-teacher ratios”. This follows the general pattern of high rural-urban disparities across Zambia. The most qualified and experienced teachers are deployed in the higher grades rather than at the more critical early grades. The lack of suitable teacher housing in rural areas is cited as a major barrier. Whilst the Ministry has an incentive scheme in place that pays a 20% bonus to teachers in rural schools, application for jobs is still voluntary and the system is unable to ensure equitable allocation of teachers, let alone prioritising posting female teachers to rural areas. Under a double-shifting system, teachers in urban schools can also earn a 20% bonus by teaching two classes.

146. It is possible to improve the allocation of operational resources at the district and school level. Since 2006, the Ministry of Education has used a formula to allocate operational grants to district level based on the number of pupils and district poverty. The formula seeks to address equity by giving additional weight to the worst off districts. Expenditure on operational grants to districts is therefore progressive. The three poorest districts received grants of £13-£16 per pupil, compared to around £3 in several better-off districts. However, school grants are still very small, at an average of about £6 per pupil per year, have been declining in real-terms and represent less than 1% of the total

education budget. Added to this, actual releases of school grants are erratic. A Public Expenditure Tracking Survey (PETS) carried out in 2007 found that 40% of schools did not receive any of their school grant.

Cost-effectiveness

147. The IOB evaluation of education sector support analysed the cost effectiveness of different interventions in the education sector. It estimated the average affect on learning outcomes (measured by exam results) due to equal investments in teachers, books, teacher education, school management, classrooms, desks and new school construction. The evaluation found that investing in the school environment, and particularly desks, is cost-effective. The affect of investing in text-books was found to be low, although relatively economical compared to other interventions. The cost-effectiveness of investing in more teachers was relatively low.

148. The most cost-effective intervention was found to be from investments in school management. However, the impact of school management was derived from data from a comparable study in Uganda, not Zambia.

E. Summary Value for Money Statement for the preferred option

149. The economic appraisal suggests that the preferred option of SBS to education will provide high returns on investment. The four specific outputs of the programme, on which monitoring, technical assistance and policy advice will be focussed, have been selected to maximise impact on sustainable improvements in the value for money of education expenditure in Zambia. The programme will therefore not only deliver value for money of DFID and GPE funding, but crucially help to improve the value for money of the total Government budget for education, worth over \$1 billion a year.

150. Two of the four outputs will focus directly on improving VfM by strengthening systems for financial management and results management within the sector. The rationale is both to improve efficiency of resource allocations and to reduce inefficiencies or wastage in spending. The further two outputs will focus on improving quality of education provision and learning achievements and teacher performance – viewed as the most serious value for money concern in the sector. Table 1 below summarises the value for money rationale

Table 16: Rationale for selection of programme outputs

Programme Output	Economic and VfM rationale for output selection	Expected VfM improvements
1. Resources and stronger systems for financial management	<ul style="list-style-type: none"> • Evidence of positive returns to public investments in education • Expected significant allocative efficiency gains to be made in allocation of education budget, e.g. teacher deployment • Evidence of weak VfM in current procurement practices • Distributional gains as benefits of education expenditure are more inclusive compared to other sector expenditure (health, agriculture) 	<ul style="list-style-type: none"> • Optimal allocation of resources across sub-sectors (primary, secondary, tertiary) • Cost savings through more open and competitive in procurement • Increased transition rates for pupils • Reduced number of districts with PTR of over 60:1 from 37 to 5 • Higher pupil-teacher contact time
2. Improved leadership and management systems and capacity across all levels of	<ul style="list-style-type: none"> • Evidence of weak performance management and high absenteeism of teachers and pupils. • Investments in school leadership 	<ul style="list-style-type: none"> • Reduced absenteeism and enhanced performance management and accountability for learning

service delivery	(head-teacher training) estimated to be highly cost-effective compared to other interventions (infrastructure, textbooks, increased teachers, etc)	outcomes <ul style="list-style-type: none"> Increased pupil-teacher contact time Increased % of pupils passing Grade 9, Reduced unit costs per passer
3. Improved access and availability of data for evidenced-based planning and budgeting	<ul style="list-style-type: none"> Significant data gaps, particularly around learning outcomes and teacher performance. Weaknesses in data on basic sector statistics, enrolment, PTRs. Planning and budgeting not based on evidence 	<ul style="list-style-type: none"> Data available on national assessments, early grade reading used as part of policy making processes Data available to monitor and track key Value for Money indicators
4. Enhanced professional standards, qualifications and capacity of teachers	<ul style="list-style-type: none"> Despite relatively high expenditure per pupil, Zambia has some of worst statistics in the region on learning outcomes, indicating very low quality of education 	<ul style="list-style-type: none"> Improved pass rates and grades 9 and 12 Reduced unit cost per passer

151. Several opportunities have been identified where it would be possible to improve value for money of the combined donor and GRZ spend on education. Through sector support, policy dialogue and technical assistance, DFID and GPE can support the Ministry to ensure better value for money across the education budget. The critical areas for DFID/GPE to focus dialogue and TA on are:

- **Improving teacher performance** whilst restraining teacher salaries increases in line with GDP growth. Teacher performance is at the heart of the quality agenda. The interventions to be supported on learning outcomes (such as school leadership and management, teacher training, national literacy programme) will therefore be critical to improving overall VfM of the education programme. Analysis suggests that leadership and management interventions can be highly cost-effective in improving teacher performance and reducing absenteeism and staff turnover. Teacher performance will be addressed directly through technical support under **programme outputs 2 and 4** and will continue to be prioritised and included as a DLM for performance tranche.
- **Strengthening the budget process** in the Ministry, to ensure efficient allocation of teachers and other resources. In particular, support could be provided to review the current system of incentives to attract experienced teachers to rural schools with high pupil-teacher ratios. Technical support around the budget process will be a focus area under **Output 1** (financial management). The sector PAF should continue to include a DLM related to reducing the number of districts with high PTRs (over 60-1).
- **Improving data** collection, availability and dissemination and knowing how to use that data for improved budgeting and planning is crucial for improving efficiencies in service delivery and for identifying specific areas of focus to improve education quality. If foundational skills are developed (basic literacy, numeracy, critical thinking skills) Zambian children will be better equipped to fit the needs of the labour market, improve their agricultural output, improve their own and their children's health, have better control over their fertility and birth spacing. These fundamental skills and knowledge give Zambians a higher chance at reducing the poverty headcount that is currently stopping Zambia from achieving its aim of

becoming a prosperous middle-income country by 2030 and graduating from aid. Support for better data is included as **Output 3** of the programme.

152. Implementing the recommendations of the 2012 Procurement Audit (which is expected to report in the first half of 2013) to ensure better VfM in procurement and contract management, particularly for school construction. Support and monitoring of procurement strengthening will be a core element under **Output 1** (financial management) under this programme.

Commercial Case

153. This intervention will use two funding routes with both direct and indirect procurements for the support to the education sector.

154. As set out in the case for provision of SBS, a combination of aid modalities and instruments is most effective at producing results.⁹⁷ A mixture of direct and indirect procurement is also appropriate. There is medium evidence that GRZ has made good use of financial aid⁹⁸, making a justification for the use of government systems (both PRBS and SBS) for funding the education sector budget as indirect procurement. The provision of technical assistance is a further instrument to support Government reform in this large sector for improving public financial management, leadership, data and improved service delivery.

Direct

A. Clearly state the procurement/commercial requirements for intervention

155. In order to facilitate the successful implementation and financial management of the SBS programme, DFID will channel a portion of the programme as direct procurement by: (a) procuring technical assistance; (b) providing technical advisory support and; (c) conducting analysis, research and evaluations of the programme. This support will be demand driven and be responsive to needs as they occur – both short term support as well as longer term capacity strengthening in key areas. It will cover the priorities of Government that require additional technical support, including but not limited to the areas of:

- a. Assisting the MESVTEE to improve the education statistical data collection, analysis and dissemination
- b. Supporting the MESVTEE to identify the barriers and bottlenecks for effective service delivery
- c. Improving the research on key educational issues related to improve learning outcomes and performance
- d. Improving the quality of leadership and management training down to school level

156. In addition to the management agent, DFID may directly procure a small portion of technical assistance during the programme. This would be for studies, research and evaluations that may be with the involvement of the ministry but could also include civil society and other key stakeholders.

157. DFID will also directly provide specialist advice to support the programme. This will be 100% of a full time DFID Education Adviser, 15% of time of a DFID PFM adviser, and some contracted specialist short term inputs, with monitoring backstopped by 75% of a DFID accountant/Programme officer. The Education Adviser will provide technical advisory support to the Ministry of Education. An additional 1.5% will be used for evaluation of the programme and to develop better data for planning, budgeting and assessment purposes.

Indirect

158. The majority of spending will be indirect: DFID will transfer funds to the MESVTEE through the Ministry of Finance. SBS will provide financial support through service delivery grants to the Zambian Government to support the implementation of the NIF III. The provision of technical assistance will be by direct procurement and DFID Zambia will directly manage these funds, as well as contract a management agent to manage this Government demand-driven assistance to facilitate implementation, capacity strengthening and data improvement. The funding will be subject to a monitoring and accountability process in line with DFID's requirements. The section below on indirect procurement provides further detail.

159. The estimated break down of costs between direct and indirect spend is set out in table 15.

Table 17: Estimated breakdown of expenditure between DFID programme elements (£)

	Total estimated expenditure	% share of budget	Direct or Indirect spend
Funds channelled through MOF to MESVTEE for NIF III ⁹⁹ programme implementation	33,000,000	88%	Indirect Spend
Technical Assistance	3,100,000	8.2%	Direct Spend
Technical adviser support	650,000	1.8%	Direct spend
Supervision/ Evaluation	750,000	2%	Direct spend
Total	37,500,000	100%	

Direct Procurement

B. How does the intervention design use competition to drive commercial advantage for DFID?

160. DFID will tender a single contract for the management agent for the technical assistance. This will reduce the transaction costs for DFID, as the requests for TA are implemented. Private providers often have lower overheads which will be able to offer better value for money.

161. The direct commercial procurement for the management of the technical assistance will mean the management agent will be expected to show cost effective ways of delivering services, including known cost saving approaches.

162. The contract with the management agent for the technical assistance will be results based. The expected results from this assistance are set out in the logframe with an annual milestone. The TOR and the contract with the management agent will set out the conditions of meeting those deadlines. All suppliers will be contracted by DFID.

163. The technical assistance will support and build the capacity of Government. Frameworks were considered but the one available for education is PEAKS and that is not appropriate for this type of support.

164. There is collaboration with other donors on the provision of the technical assistance to ensure there is no duplication and complementarity of provision to the Ministry as well as some sharing of services with other CPs. There may be additional donor support in the future which can contribute, but this will only be established during the programme implementation.

165. The issues of risk transfer between DFID and the supplier will be a core aspect of the contract terms and conditions. We will work with DFID's Procurement Group (PrG) to include sufficient clauses to transfer risks as far as possible and take into account supplier accountability for programme delivery, reporting requirements, staff capabilities and any possible fluctuations in costs. There are no environmental risks associated with this technical assistance support.

C. How do we expect the market place will respond to this opportunity?

166. There are sufficient firms with appropriate experience and expertise to respond to the opportunity to act as the management agent for the technical assistance support, and well as those that will apply for the individual consultancies commissioned directly by DFID.

167. There are international suppliers who have worked in Zambia in the past who have the capacity to deliver this form of support. The required scope of expertise is broad and there is interest in a contract of this size and capacity to deliver technical assistance to the Ministry of education in the key areas set out in paragraph 156. This is a competitive market which would create sufficient competition for the contract.

168. The need for TA to work with the Ministry of Education provides opportunities, as all contracts that are entered into with the Ministry of Education will have both an international and national service provider. This will provide good opportunity for local providers to be involved and will strengthen in country capacity over the longer term.

D. What are the key cost elements that affect overall price? How is value added and how will we measure and improve this?

169. It is envisaged that the technical assistance will be short term and there will be limited requirements for fuel costs, transport, travel, security costs, staff costs and inflation. The highest cost driver is staff costs, which are a function of the advisory role and monitoring firm unit cost of staff time deployed. In addition, DFID may have to cover costs of additional services for the advisory role (i.e. office accommodation) which will be identified during the bidding process. Care will be taken not to distort the existing market in terms of fee rates. Selection of individuals and organisations will be through competition. There will be limited procurement of equipment and materials; costs will be contained by adhering to competitive tendering procedures. Corruption risks are low as they will be required to follow DFID's procurement procedures and have regular reporting.

170. The management of the technical assistance will be in two phases: inception and implementation. There will be a break clause in the contract after the completion of the inception phase if the work is not completed to DFID satisfaction. The management agency will be required to report against key performance indicators which will be developed in partnership with the Ministry of Education and CPs. In addition the

management agency will formally report to the DFID Education Adviser and co-leads for the education sector on a quarterly basis.

171. The TOR for the contract will be explicit that we are looking for contractors who propose to utilise the most cost effective approaches to travel and accommodation as well as those who offer guarantees to ensure that inflation impacts will not be passed on.

172. The value from these technical assistance contracts will come from the efficient advisory role being given by the TA. The management agent will manage the Technical Assistance component of the programme for a fee of up to a maximum of 15%. The aspects of the VfM will be part of the programme and tracked through the indicator in the log frame.

E. What is the intended Procurement Process to support contract award?

173. DFID's Procurement Group (PrG) will issue a tender for the Technical Assistance partner under OJEU. The evaluation of bids will include representatives from DFID, CPs co-leads and the Government. The organisation or consortium will be evaluated against agreed criteria. Through OJEU we will utilise competition to help support our goal to achieve the best value for money. We will work with PrG to include sufficient clauses in the contract to transfer risk as far as possible.

174. The selection criteria for the contracting will be finalised upon discussions with PrG once the BC has been approved. The indicator weighting is:

- a. Key Personnel - 30%
- b. Evidence of Management and quality assurance capacity – 30%
- c. Relevant country experience – 15%
- d. Cost - 25%

175. For those individual contracts that will be awarded for the various pieces of work commissioned during the funding period, which include the evaluation work, they will be managed by DFID Zambia and will follow standard DFID procurement guidelines, including OJEU as required.

F. How will contract & supplier performance be managed?

176. The ToR for the contract of the management agent will have clear deliverables that will be used to support the contract and clear roles and responsibilities which will be adopted to manage the process. Outputs will be assessed as part of on-going management of the programme. The management agent will be required to take ownership of key performance indicators (KPI), targets and baselines which will form the basis for performance-based management of the supplier by DFID.

177. DFID will consult with the Ministry of Education to assess whether the performance of the contractor was sufficient and that milestones were met before any payment is made. Invoice payments will only be made on the satisfactory approval of the programme manager and the budget holder using Aries to provide an audit trail of the process. Annual supplier appraisals will be conducted and changes made to the contract as appropriate. Variations to the contracts will be made as necessary and conducted in cooperation with DFID's PrG. Any price changes will need to be approved through a

formal process and facilitated through a variation of contract. Such variations will also be used during the life of the contract to make adjustments that may be required during its life, such adjustments being identified and agreed through regular meetings with the management agent.

178. The management agent is expected to send a quarterly invoice for activities carried out. The management agent is expected to have sufficient financial strength, as payments will be made in arrears. The payments will be made subject to satisfactory delivery of approved quarterly work plans.

Indirect Procurement

A. Why is the proposed funding mechanism/ form of arrangement the right one for this intervention, with this development partner?

179. This intervention will provide funding delivered through the Government of Zambia under MOU arrangements and is a bilateral government-to-government financing arrangement between the UK and Zambia.

180. SBS is channelled directly to the portion of Zambia's budget for the education sector, utilising Zambia's national procedures of budgeting, accounting, reporting, procurement and audit systems. Although in need of strengthening, there is sufficient capacity to procure goods and services and follow government guidelines.

181. The Strategic and Appraisal cases have explained why we have chosen to channel the majority of this programme's funding through the Government of Zambia. SBS enables the government, specifically the Ministry of Education, to have ownership and leadership over the programme.

182. Using government systems in Zambia should incentivise improving their efficiency and effectiveness and therefore VfM across the budget as a whole, inclusive of the education sector. SBS should lead to efficiencies for the Government of Zambia and local supply market by reducing the number of different Cooperating Partner systems with which they have to familiarise themselves.

183. Overall we have confidence that the Government has adequate systems and processes to implement, measure and report on SBS funds for the following reasons:

- a. **A Partner Government MOU in place**, which is a corporate compliance requirement, with the Ministry of Finance. In addition, DFID has joined the cooperating partners in the education sector in the signing of the Mutual Accountability Framework (MAF) and the Joint Financing Arrangement (JFA) to aid in the harmonisation and implementation processes within the sector.
- b. **Procurement processes have been under review and improved in recent years**, albeit with relatively slow progress in reforms. The Public Procurement Act was enacted in and operationalized in 2008, which established the Zambia Public Procurement Authority (ZPPA). A comparison between the 2005 and 2008 PEFA evaluations reflects a broad improvement in financial systems and procurement. Across all 28 indicators within the PEFA assessment, Zambia showed an improvement from an average of just above a C in 2005 to just over a C+ in 2008

(on a scale of A to D). Zambia's 2012 PEFA assessment is currently being conducted. The preliminary report shows that important PFM systems have strengthened further since 2008 such as the payroll, procurement, auditing and the budget process. However, the initial assessment also indicates a reversal in some areas, for example in the indicators that assess the credibility of the Government budget. These have been affected at the aggregate level by political decisions to raise significant supplementary budgets for agriculture subsidies in the last three years. A second OECD line ministry assessment of procurement is being planned by the Government under the PEMFA programme. DFID will be closely involved with both the PEFA and MAPS assessments as a lead donor in public financial management.

- c. **Credibility of the education budget continues to be reasonably strong.** The basis for strategic budgeting has been improved through the implementation of a revised GRZ Chart of Accounts, enabling the budgets and fiscal reports to be formulated and analysed to a greater degree (down to programme and activity level). There is greater comprehensiveness of fiscal information, particularly in the financial reports, including systematic reporting of arrears.
- d. **Fiduciary Risk Assessments (FRAs) provide cautious confidence on delivery.** A procurement audit of the education sector, identified as necessary as part of the last FRA in 2008, is now underway and will be assessed as part of the regular biannual health checks. The pre-award assessment conducted in 2010 reviewed the education sector procurement systems and found challenges, especially in relation to compliance to procedures and guidelines and ineffective contract negotiations and management. As a result, a procurement audit is underway with results expected by mid-2013. Also, based on the recommendations of the 2007 OECD MAPS assessment of procurement in Zambia, Ministry of Finance has implemented IFMIS which is active in all provinces to improve the Ministries' capacity to track budgeting and expenditures. In the education sector the decentralised education IFMIS (DEFMIS) is being rolled out in all provinces to allow better collection and usage of data down to district level. This new process will be monitored as part of the Strategic education sector PAF.
- e. **The Office of the Auditor General (OAG) has been transformed** in the last 10 years with offices in each of the 10 provinces. Staff numbers have nearly doubled to 450 and there are now around 70 qualified accountants and auditors. Audit coverage has also expanded to about 75% of all government expenditure. The OAG now provides high quality technical audits and periodically exposes corruption and financial irregularities. The existing challenge is follow-up of audit report findings where there seems to be a gap.
- f. Specifically within the Ministry of Education, there has been a **significant increase in transparency of audit and procurement operations** under the leadership of the new chief Accountant. The closure of the Ministry of Education Strategic Plan (MOESP) (the pre-cursor to the NIF) had been stalled for more than two years, but in the last six months, this and other backlogs are being addressed, with transparency and focus. There has been improved oversight through better coverage and improved methodology for external audit, as exemplified by the now open, cooperative engagement of OAG around the closure of the previous

programme of support (NIF II) and MOESP.

- g. **Checks on financial management are carried out regularly.** The overall OAG's reports, the sector health checks, the pre-award assessment in 2010, and the recently completed FRA for the education sector all serve as mechanisms to check whether government's internal controls are strong enough to ensure that funds are used for the intended purposes.
- h. **PRBS has high level policy dialogue and a PAF indicator on the implementation of procurement reforms** to mitigate against any risks. Having ZPPA as the exclusive oversight and regulatory body, with procurement fully decentralised to line ministries helps build Zambia's procurement capacity. This is being done in conjunction with a parallel World Bank procurement capacity improvement programme.
- i. GRZ has policies in place showing their commitment to ethical trading, diversity, anti-corruption commitment, and Climate Change. These include the Public Finance Act (2004) and the Zambia Public Procurement Act (2008), Financial Regulations (2006) and Public Stores Regulations¹, and public procurement regulations (2011).

184. DFID participation in the dialogue structure and specifically in the GRZ technical working groups on policy implementation, financial management, Monitoring and evaluation (M&E) and procurement enables us to monitor the programme on a regular basis and be involved in key decision making. This gives us the opportunity to interrogate a range of issues such as costs, performance and accountability. The additional surveys on public expenditure, FM and procurement as set out in the management case.

185. As set out in the strategic case, the Ministry will utilise the DFID and GPE funding to achieve the objectives of the NIF III. These include improving access through expanded infrastructure at secondary and tertiary level in all districts, improving quality and equity through improved leadership and management of the system down to school level and through improved teacher training and supervision and improved data to analyse trends of service delivery and provide effective data for budgeting and planning processes. Combined together these activities will enable the Government to improve efficiency and effectiveness of service delivery and provide better learning outcomes for Zambian children.

186. All key decision points of the funding process for the programme will be documented and stored in Quest to maintain an effective audit trail. DFID will also share this documentation with GPE on a regular quarterly basis.

B. Value for money through procurement

187. All goods and services procured using SBS core funds follow the GRZ procurement guidelines. Those related to technical assistance, supervision and evaluation using DFID and GPE funds will follow DFID procurement procedures.

¹ Public Stores Regulation No 13 (1a) part III of Cap 347 of the Laws of Zambia (as periodically amended).

188. While it is a requirement for a FRA to be done every three years and the last one completed in 2009, the main FRA for Zambia will be completed after the next PEFA assessment in early 2013. However, an education sector FRA has been completed in November 2012 and key findings and recommendations are included in paragraphs 199-202. Recommendations have been incorporated into a Financial Management Action Plan (FMAP) (see as an annex to the FRA in Flag/Annex H). The FMAP is primarily a capacity building tool with the main objective to strengthen financial management and accountability within the education sector, by implementing measures set out in the FMAP.
189. Financial management health checks have been completed every six months. During the programme period a PER and a PETS/Service Delivery Survey (SDS) will also be conducted. A forensic audit of the sector will be conducted after the first year of programme implementation. This will be commissioned and funded by DFID. It will provide safeguards against corruption and fraud and shows GRZ's commitment to good governance in the sector.
190. Any procurements to be undertaken as part of the funds for GPE will also now follow GRZ procedures and regulations instead of through the parallel accounting system (SUN) that was previously used when the GPE funds were delivered through the pooled fund mechanism. Now the GPE grant funds will be merged with DFID's funds to the sector through education SBS. This means that funds will be fully aligned to GRZ financing systems which reduce transaction costs.
191. The programme's objectives and expected results have been laid out in the Appraisal Case and the Impact and Outcome section. The logframe sets out annual milestones that are expected to be achieved. These results will be laid out in the MoU between DFID and the GRZ. DFID will monitor progress on performance of its funds, as well as the GPE funding, during the Joint annual review process and quarterly during the technical committees. The annual reviews will provide 'break points' in the programme if it is believed that the programme is no longer viable. This will be reflected in the agreed MoU.
192. The monitoring of progress is based on the indicators set out in the agreed strategic PAF for the education sector. (See Flag/Annex C). Out of the 33 indicators included in the Strategic PAF, there are six indicators identified as Disbursement Linked Milestones (DLMs). This equates to a 20% performance tranche, which is similar to the release of DFID's support through PRBS.
193. In the first year of the programme, there are four different process related DLMs for the first performance tranche. These are:
1. 50% of the Financial Management Action Plan (FMAP) activities implemented by Dec 31, 2013;
 2. Education statistics tables for 2013 finalised and shared with stakeholders by Dec 31, 2013;
 3. Annual Workplan and Budget (AWPB) 2014 reviewed and finalised by Dec 31, 2013; and
 4. Field work initiated for the PETS/SDS survey by Dec 31, 2013. Achievement of these DLMs will allow release of the first performance tranche in January 2014.

194. Thereafter, performance against DLMs will be measured and assessed annually (in the second and third years of the programme), and will be the basis of a decision for additional funding to be released to the sector in the following year; depending on the number of DLMs met. These DLMs are:

1. Improved Transition rate (from gr. 7-8, and from gr. 9-10);
2. 100% of schools receiving at least 50% of school grants each year;
3. 50% of Primary teachers trained receive in-service training specifically on literacy, science and maths;
4. Enhanced financial management: 90% of the Financial Management Action Plan (FMAP) activities implemented;
5. National Assessment Survey on literacy and numeracy at grade 5 conducted and results disseminated;
6. Allocation of education budget: minimum of 50% of budget allocated to primary and 11% secondary sub-sectors.

195. This programme has been extensively discussed with GRZ, CPs and civil society organisations. There is strong support and commitment but currently only DFID and GPE will be funding through SBS. The provision of TA to the Ministry of Education is part of their overall institutional strengthening and is an avenue for capacity enhancement. It is not meant as gap filling for understaffed areas but as support to improve service delivery.

Financial Case

A. What are the costs, how are they profiled and how will you ensure accurate forecasting?

196. The total programme DFID Zambia budget for Education Service Delivery Grant (SBS) over the period 2012/13 to 2014/15 is £37.5m. The breakdown over the three years is set out in tables 18 and 19 and figure 6 for both the DFID and GPE funds.

Table 18: Total DFID Budget for SBS Programme (£)

Timing of Payments to GRZ		Apr 13	Jan 14	Jan 15	Jan 16	Total
GRZ FY		2013	2014	2015	2016	4 years
DFID FY	2012/13	2013/14	2013/14	2014/15	2015/16	3 years
Education Sector Budget Support Grant (core tranche)	0	6.0m	8.0m	8.0m	5.0m	27.0m
Education Sector Budget Support Grant Performance tranche (DLM)	0	0	2.0m	2.0m	2.0m	6.0m
Technical Assistance	0	0.6m	1.0m	0.9m	0.6m	3.1m
DFID adviser's Technical Advisory Support, design, appraisal & supervision	0.2m	0.15m	0	0.15m	0.15m	0.65m
Project Evaluation	0	0.25m	0	0.25m	0.25m	0.75m
Total	0.2m	7.0m	11.0m	11.3m	8.0m	37.5m

197. In addition to the DFID SBS funding, DFID as the supervising entity for the GPE, will be responsible for monitoring the usage of an additional \$35.2m (£23m) from GPE over the same three year period as follows:

Table 19: Total GPE Budget for SBS Programme (£)¹⁰⁰

GPE timing of payment to GRZ	Aug 13	Jan 14	Jan 15	Jan 16	3 years
GPE FY	2013/14	2013/14	2014/15		2 years
GPE Grant (core tranche)	5.3m	5.3m	5.4m	0	16.0m
GPE Grant Performance tranche (DLM)	0	1.5m	1.5m	0	3.0m
Technical Assistance	0.73m	0.73m	0.73m	0	2.2m
Project Supervision and Evaluation	0	0.25m	0.25m	0	0.5m
Total	6.03m	7.78m	7.88m	0	21.7m

198. The combined support to the education sector from both DFID and GPE, totals £59.2m over the period up to 2016¹⁰¹.

B. How will it be funded: capital/programme/admin?

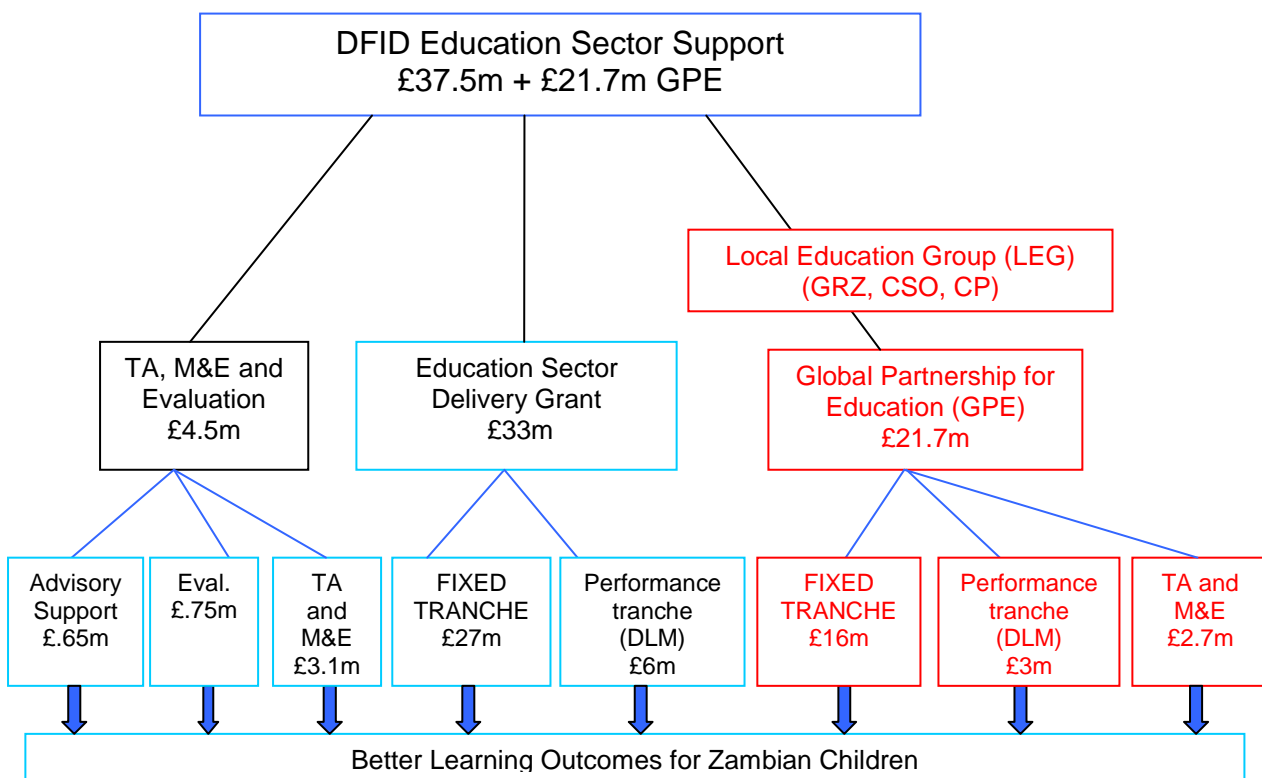
199. DFID Programme funds will be allocated entirely from DFID Zambia programme resources and committed as set out in table 16 above. There are no contingent liabilities associated with the programme.

200. The post of an education adviser is funded with these programme resources. In addition, the funds for staff inputs are available in DFID Zambia's front line delivery budget line.

201. In addition to the supervision costs set out in Table 16, DFID has the option to receive up to £267,000¹⁰² from GPE over three years to help defray DFID Zambia’s supervision and programme officer costs during the programme. This has been discussed and agreed with HMT and set out in the DFID/GPE financial procedures arrangement.

202. GPE funds will be allocated entirely from GPE programme resources and committed as SBS, technical assistance, supervision, and evaluation, in line with the DFID Zambia programme and will follow the same procedures as those set out in this document.

Figure 6: Education Sector Support Resources Package



C. How will funds be paid out?

203. DFID Zambia programme funds will be transferred, via DFID’s agent directly into a designated GRZ bank account for onward transfer to the Ministry of Education. The Ministry of Finance will provide to DFID Zambia evidence of the amount, rate of exchange and value date of the funding received.

204. GPE funds will be transferred from GPE to DFID according to the procedures set out in the global Financing Procedures Arrangement between DFID and GPE (see Flag/Annex N). These funds will then be transferred as set out above.

205. All annual disbursements for both DFID and GPE funds will have both a core and performance tranche (80:20). Payment of the performance tranche will take place in the annual payment and be based on the proportion of the disbursement linked milestones (DLMs) of the education sector PAF performance targets which are met as is outlined in paragraphs 187 and 188. These targets will be assessed at technical level in the sector dialogue for the first year’s disbursement and through the Joint Annual Review (JAR)

process for the second and third years, which is held in June of each year. As with our budget support funds, payment of the fixed tranche is dependent on the underlying principles being met.

206. As with DFID's Budget Support payments, the frequency of tranche release for the SBS payment will be in one tranche per year, in the first quarter of Zambia's budget year. This will be the same procedure for both DFID and GPE funds. However, there will be an additional payment in April 2013, as soon as the programme is approved. That will be in the amount of £7m in total, as set out in table 16.

207. We consider one payment to be an appropriate disbursement schedule given Zambia's fiscal needs. The monthly pattern of revenue and expenditure projections shows that there are routinely insufficient funds available in the first quarter (starting in January of each year). This single payment of SBS would, along with the larger PRBS payments help to improve the overall timing and predictability of budget support in Zambia and reinforce DFID's strong reputation for timely release of aid.

208. The first release of GPE funds in the first year of implementation will be off cycle from DFID Zambia payments. This is because it is envisaged that the GPE grant approval will be finalised once the GPE board has approved the application which is due to take place in mid-2013. This is after the DFID programme has been finalised and the first payment disbursed. Once the GPE board has approved the support to Zambia, DFID Zambia will release the first payment of £6.03m likely by August 2013. Thereafter the funds from GPE will be released as per the schedule detailed in table 17.

D. What is the assessment of financial risk and fraud?

209. The overall level of risk of fraud and corruption for the MESVTEE, based on the assessments of the different areas described below has been assessed as **medium**. The risk register (Flag/annex G) sets out the key risks, triggers, mitigation measures, and management actions.

210. In May 2010 a FRA was conducted for Zambia for PRBS. In November/December 2012, a FRA was carried out specifically on the education sector. Procurement capacity assessment was conducted as part of the pre-award assessment in 2010. The full education sector FRA findings including the mitigating actions as set out in the Financial Management Action Plan (FMAP) can be found in Flag/Annex G.

211. The FRA for the education sector has an overall conclusion that, as with previous assessments and reports, the MESVTEE still has a number of weaknesses in key areas of its financial management system, especially procurement, accounting, recording, reporting and budget credibility that need to be addressed and rectified. Though some measures have been instituted to address some of these challenges, additional effort is still required.

212. Conclusions on the key critical dimensions of Performance as described in the FRA for the education sector¹⁰³ are as follows:

- a. *Budget credibility* assesses whether or not the sector budget is realistic and is implemented as intended. The continued existence of high variance of expenditure and the quarterly budgetary allocation systems undermines the credibility of the budget. In 2010, total releases amounted to 97% of budget allocations approved by Parliament, but this figure dropped to 85% in 2011. For

the period up to September 2012, releases of funds figure had dropped significantly to 20% – indicating that total releases this year to MESVTEE appear to be lagging significantly behind. There are however, improvements in the budget execution due to greater reliability of information on resources available for spending.

- b. *Budget transparency* assesses whether fiscal and budget information is made available to the public. The information on budgets is quite comprehensive, though not easily and readily accessible nationwide especially outside the major urban centres.
- c. *Policy-based planning* assesses whether the budget is prepared with due regard to government policies and priorities; On paper, the budgetary preparation process works well, according to a calendar and Call Circular, but in practice the linkage between policy objectives and budgets is not as strong as it could be. The budget classification system is supposed to support policy-oriented budgeting, but in practice only does this to a limited extent.
- d. *Predictability and control in budget execution* assesses whether the budget is implemented in an orderly and predictable manner and whether arrangements are in place for the exercise of control in the use of public funds. Funding to the ministry has becoming more regular in recent years, however, budget execution and control still has weaknesses in the quality and reliability of expenditure data that is used for variance analysis.
- e. The Payroll Management and Expenditure Control (PMEC) payroll system has adequate controls that are capable of noticing and spotting anomalies. The MESVTEE payroll is audited both by PMEC and MESVTEE auditors and random head counts are normally undertaken. The OAG's office also audits payroll costs during their routine audits hence further adding to the controls around the payroll.
- f. *Procurement* in MESVTEE is currently characterised by a lack of adequate staffing and lack of qualified skill manpower at the lower levels. With the decentralisation of procurement being championed by the government, procurement units ought to be strengthened at MESVTEE in order to meet this challenge. The procurement audit due in mid-2013 will provide additional information on what strengthening is required.
- g. *Accounting, recording, and reporting* assesses whether adequate records and information are produced, maintained, and disseminated to meet decision-making control, management, and reporting purposes. The reporting system has some significant weaknesses, bank reconciliations for the GRZ bank accounts though performed are not reviewed and audited and the filling of these documents is haphazard. The management of imprest is not adequate as it is not retired and captured on time. No imprest analysis reports are generated from both the SUN and IFMIS systems to assist in the monitoring. However, these reports are generally available so the drawback to their usage could be the lack of training of the users to generate them.
- h. *Public sector auditing* is a crucial element of an effective accountability framework. The Office of Auditor General (OAG) appears to be performing well. The annual audit report prepared by OAG is of high quality, and identifies well the areas where MESVTEE is not sufficiently complying with regulations and procedures. The main concern is with internal audits' timely follow up of OAGs findings and recommendations.

E. How will expenditure be monitored, reported, and accounted for?

213. DFID Zambia SBS and GPE Funds will be accounted for through normal Zambian accounting and audit systems. An **annual audit** will be conducted by the OAG on the flow of funds of the previous year, to ensure that transfers are made promptly. The Auditor General, or a ZICA recognised auditor sub-contracted by the Auditor General, will audit the education sector accounts to produce an annual statement on the flows of SBS related funds into the Treasury Account via the Bank of Zambia. The audit report will be made available by April after the end of the fiscal year in December.
214. The education Cooperating Partners' Coordinating Committee (CPCC) may, if the situation requires and after consultation with the Auditor General after the first year of implementation of the NIF III, commission a specific forensic audit and/or conduct a review of the Auditor's General audit report by an independent auditor, regarding the flow of funds for the education sector. This will be funded by DFID.
215. If the annual audit of the Auditor General is delayed and is unlikely to be forwarded to the CPCC members, the CPCC may commission, through the OAG, a financial or performance audit for the education sector by an independent auditor to allow an overall assessment of compliance with financial management regulations or of value for money. These processes are in addition to the regular health checks in the sector.
216. As part of the review of public financial management, the GRZ will also conduct public expenditure reviews, public expenditure tracking and procurement audits. These are not currently included in the budget for the sector and will be initially funded by DFID and GPE until they are added to the annual budget. It is envisaged that these reviews will be done on a rotational basis; every three years. This would start with the PETS or PET/SDS in 2013, PER in 2014 and procurement audit in 2015. The specific area of focus for these reviews will be determined as part of the regular sector dialogue in the Policy Implementation Technical Committee (PITC) and approved in the Sector Advisory Group (SAG) meetings.
217. Monitoring and evaluation costs will be met in part by DFID technical assistance and advisory time inputs, by other CPs in the sector, and through the GPE funds for programme supervision and monitoring.

Management Case

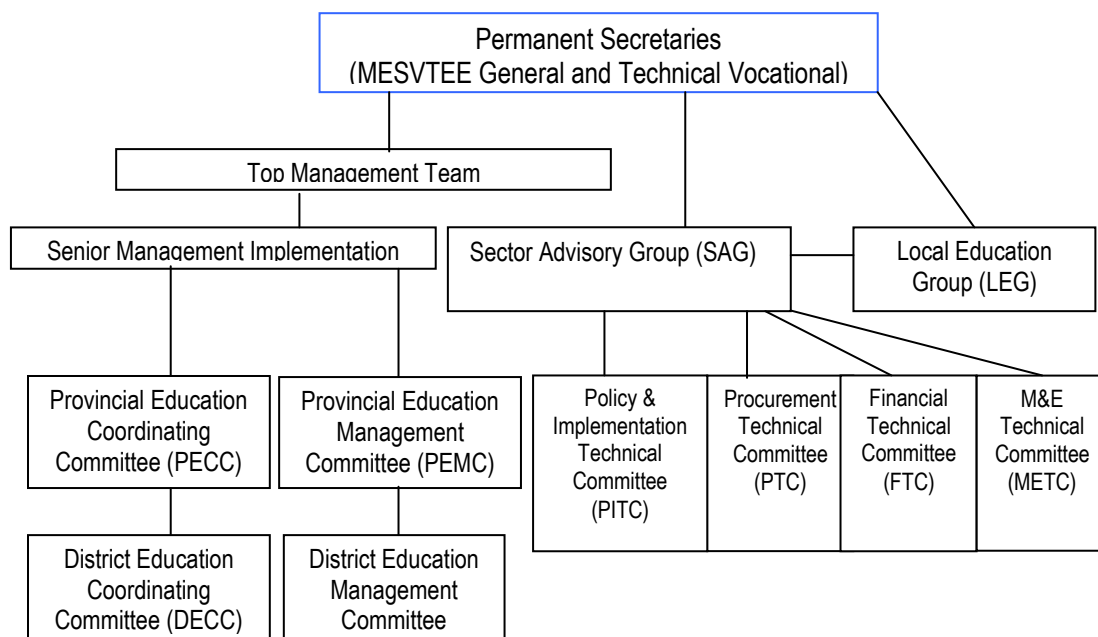
A. What are the Management Arrangements for implementation?

218. The Ministry of Education is responsible for the implementation of the Education Sector Plans which are based on the education and skills development chapter of the Sixth National Development Plan (SNDP) and the NIF III. NIF III will also serve as the main instrument for monitoring implementation performance in the first two years of the programme and NIF IV in the final year, with emphasis on outcomes and impact and, therefore, providing a framework for tracking resource allocation and utilisation, along with the education strategic PAF. The Annual Work Plan and budget (AWPB) sets out the implementation of all the planned activities annually and focuses on the realisation of the five strategic outputs: access, equity, quality, efficiency and relevance.
219. The Ministry has two main areas of concentration, each with its own Permanent

Secretary as shown in the MESVTEE organogram in Flag/Annex D. General education is responsible for the provinces and districts in early childhood, primary, secondary, and colleges of education. The second Permanent Secretary is responsible for universities, TEVET institutions and TEVETA, Science and technology, the National Institute for Science and Industrial Research, and the National Science and Technology Council.

220. The programme management and implementation of NIF III is the responsibility of the regular management and administrative structures throughout the operational levels of the Ministry. It is explained in the existing Management and Coordination Guidelines and shown in figure 7 below. It will be reviewed during the implementation of NIF III.

Figure 7: MESVTEE Management Structure



221. The structures at the Ministry headquarters that are strategic during the NIF III period include the *Top Management Team*, chaired by the Minister, which is the highest decision making organ of the Ministry; the *Senior Management Implementation Team* (SMIT), chaired by the PS, oversees all programme implementation and facilitates the monitoring of the various Ministry programmes; and *Technical Committees* that backstop the implementation of the set activities in NIF III.

222. At the provincial level are the Provincial Education Coordinating Committee (PECC) and the Provincial Education Management Committee (PEMC). The role of the PECC includes making sure that sector programmes and activities are well implemented. They offer oversight functions over the other education providers so that they work within the existing priorities of the Government as defined in NIF III and other relevant strategy documents. At the district level, the District Education Coordinating Committee (DECC) is responsible for coordination and implementation. The Provincial and District Education Management committees (PEMC and DEMC) ensure that all annually-approved activities at the district level are in conformity with the set priorities and targets and are responsible for implementation at provincial and district levels.

223. There are six key committees responsible for implementation and reporting on the progress of the NIF III. These committees have representation from GRZ, CPs and civil

society.

224. *Sector Advisory Group (SAG)*: This is chaired by the PS and is a broad-based consultative forum which constitutes CPs, CSOs Government line Ministries and Private Sector. This is a decision-making supervisory, monitoring and advisory body, which takes decisions and/or makes recommendations to the Ministry on management issues in the areas of policy, implementation and financing of the education sector programmes. The main tasks of SAG include monitoring sector performance against the established indicators and review progress on alignment to key national reform policy and processes. It is the main area where CSOs are able to participate formally in the national sector level dialogue apart from the SAG also plays a major role in the identification and approval of financing requirements; and in approving key policy and implementation framework documents within the Ministry.
225. *Policy and Implementation Technical Committee (PITC)*: The PITC is chaired by the Director of Planning and Information and is an advisory body, which makes recommendations to the Senior Management Implementation Team in the areas of policy and implementation of the NIF III/ SNDP sector programmes. The Committee's main tasks include provision of advice on government policies related to the education sector; and ensuring effective implementation of the sector programmes as defined in the NIF III and subsequent Annual Work Plans and Budget (AWPB). It reports to the SAG. It is also responsible for taking forward actions agreed to in the technical committees to the SAG for approval.
226. *Procurement Technical Committee (PTC)*: The PTC is chaired by the Head of the Procurement and Supplies Unit (MEPSU). It oversees all procurement issues and facilitates procurement for all the various programmes. The main tasks of the PTC are monitoring of procurement elements of the AWPB and the implementation of the annual procurement plan and reports to the PITC.
227. The *Ministry of Education Tender Committee* is established by an act of Parliament. The committee is chaired by the P.S. It is comprised of the Head of Procurement and Supplies Unit, Head of the Accounting Unit and not more than four key Directors.
228. The *Monitoring and Evaluation Technical Committee (METC)*: The METC is chaired by the Director of Planning and Information. It comprises all directorates, CPs, CSOs and line ministries. The M&E system follows the M&E framework¹⁰⁴, which is linked to the National MOF system. It is responsible for providing M&E guidance across the Ministry.
229. *Financial Technical Committee (FTC)*: The FTC is an advisory body chaired by the Chief Accountant, with members drawn from relevant departments of Ministry and representatives from the CPs. It makes recommendations to the Financial Management group in the areas of financial management. The main tasks of the FTC will include to review and endorse Quarterly Technical and Financial Reports in liaison with PITC, monitor the harmonization and strengthening of the Ministry Financial Management, Reporting and Audit systems at all levels, review annual audit reports from the OAG including management responses, review progress on health checks and implementation of the FMAP and facilitate the carrying out of public expenditure review processes, such as the Education sector FRA.

230. There is good collaboration within the Local Education Group (LEG), between the Government and its Cooperating Partners (CPs), Civil Society Organisations (CSOs) including the Zambia National Education Coalition (ZANEC) members and the Private Sector. The following are the main collaborative structures in the sector that facilitate effective monitoring of service delivery. They are the SAG (described above), and the Project Coordinating Committees which coordinate CP and CSO projects in the education sector and meet monthly to share best practices and review progress. In addition, there is on-going collaboration through specialised sub-committees such as the Equity and Gender, Community School and Teacher Education; and the Joint Annual Review (JAR) a forum involving CSOs, Ministry of Education, CPs and the Private Sector which meets to review and assess progress, and agree on priorities for the following year.

231. A new committee was set up in September 2012 at the request of the Minister and chaired by the Deputy Permanent Secretary, which is specifically focused on improving literacy in Zambia. This committee has representatives from NGOs, CPs and Government.

Oversight

232. SBS is coordinated by the Ministry of Finance through the Ministry of Education. A sector wide Mutual Accountability Framework (MAF) between all active CPs in the education sector and the Zambian Government defines ways of working and was signed in September 2012. In addition, a Joint Financing Arrangement (JFA) signed in November 2012 by those partners pooling funds and using SBS which currently include Japan, Ireland and DFID. DFID Zambia will have an MOU with the Ministry of Finance for the SBS by March 2013. In addition, DFID will be signing a global financing procedures Arrangement with the World Bank, as the trustee for the GPE funds. This agreement is the main instrument setting out the management and financial arrangements and commitments between DFID and GPE globally; under which DFID Zambia will supervise and monitor the GPE funds.

Management within DFID

233. DFID will be represented in the Education Cooperating Partners Coordinating Committee (CPCC) as well as in the Ministry of Education technical working groups on financial management, procurement and policy. In addition, as the supervising entity for GPE in Zambia, DFID is participating in key sector policy and implementation discussions as part of the coordinating group for GPE called the LEG, and in the Joint Annual Sector Review (JAR). The roles of the CPCC and the LEG are to monitor government performance against the education sector PAF, the implementation of the NIF III, and engage in dialogue with Government on reform issues.

234. The core programme team will include DFID Zambia's Education Adviser as lead adviser, the accountant/programme officer, the Economic Adviser, with oversight from the Head and Deputy Head of Office. Technical inputs will also be sought from Human Development, Governance, Results and Private Sector Development advisers when needed. In addition, there is close and regular coordination with the co-leads in the education sector (Irish Aid and UNICEF) and the GPE secretariat.

235. As with General Budget Support, the programme will be monitored to attain good

value for money. If that situation changes or the programme does not deliver the expected results, there are a number of possible ways forward, depending on the individual circumstances for each issue. If Government does not proactively respond, one option is to delay all or part of SBS. The other option would be to change the way DFID delivers aid to Zambia by switching some or all of the UK's aid away from Government to other non-state actors. What will be taken into account is how a change would affect poor people and longer term poverty reduction efforts. This decision would be formally discussed and agreed with both the Ministries of Education (MESVTEE) and Finance.

B. What are the risks and how these will be managed?

236. The risks associated with the SBS have been assessed against GRZ performance to ensure consistency with the stated objectives and priorities, as detailed in guiding policy documents and through the budget allocation, releases and annual audits. The rating overall is **medium**. The risk register in Flag/Annex G illustrates the key risks to effective service delivery in the education sector. Mitigation measures have been, or will be, put in place based on this assessment. Risks are reviewed annually during the DFID's internal annual review process.
237. SBS relies on Government policies, spending and systems to be effective in reducing poverty. The main risks to achieving impact relate to the Government of Zambia lacking the political will, resources or capacity to deliver effective education service delivery and to put sufficient attention on the improvement of education quality for all Zambians. The new Government has been in position for one year and while the policy statements are encouraging, the new PF Government is still building its track record on performance.
238. Dialogue with Cooperating Partners around financial management will continue to take place regularly through the monthly Financial Technical Committee. Technical assistance for systems strengthening will be provided by DFID in support of the Financial Management Action Plan to address weaknesses in PFM systems complementing the Government-wide reform activities, such as IFMIS. At least one PER/PETS will be conducted during the course of the programme period and a forensic audit of the education sector conducted at the end of the first year of funding, as necessary.
239. In the event of mismanagement of funds or lack of adherence to procedures set out in this business case, the MAF, the JFA, the bilateral MOU and the JASZ. DFID and GPE have the right to request repayment of funds as per our bilateral agreement with GRZ and the financial procedures arrangement between DFID and GPE. Other safeguards have been set out in the risk register in terms of mitigation measures and management responses (see Flag/Annex G).

C. What conditions apply (for financial aid only)?

240. All DFID financial aid to Government is conditional on shared commitment to four Partnership Principles: (i) commitment to reducing poverty and the MDGs; (ii) commitment to human rights and international obligations; (iii) commitment to strengthening public financial management; and (iv) commitment to strengthening domestic accountability. These principles are under on-going review and are formally assessed by DFID at the time of any releases of budget support and other financial aid.

241. The SBS programme will have a 20% performance tranche the details of which are set out in paragraphs 187 and 188.

D. How will progress and results be monitored, measured and evaluated?

Monitoring and Measurement

242. The Monitoring and Evaluation of SBS will be fully aligned with country systems and will follow the guidelines set out in the education sector M&E framework. No parallel systems of monitoring or evaluations will be developed specifically for the SBS outside of what is detailed in this document. The monitoring by DFID will be inclusive of both DFID and GPE funds. Quarterly and annually M & E reports will be submitted to relevant authorities at different levels. At Headquarters the Top Management and the SMIT oversee the implementation and facilitate monitoring of the NIF III. This is reported through the M&E technical committee to the PITC and the SAG/LEG. At provincial level, it is the PECC and the PEMC and at district level it is District Education Coordinating Committee, supervised by the District Education Management Committee (DEMC) that will ensure that programme monitoring is undertaken.

243. The internal annual review reports of both DFID and GPE will be completed based on the results and recommendations of the annual JAR which will be undertaken in May of each year. No additional review mission will be held separately by DFID or GPE, as they will participate in the JAR process. The JAR includes field visits and follows the existing joint structures and meetings of the regular meetings of the MET, PTC, FTC and PITC. All these reports produced by GRZ and DFID, as the SE, are shared at least once a year with GPE via the Secretariat.

244. SBS will be monitored annually using the agreed education sector PAF. The education sector PAF is agreed between GRZ, the Cooperating Partners and civil society. It is the key document used to assess performance through the JAR process. The sector PAF is also expected to be reviewed each year to ensure the indicators remain relevant and stretching in their delivery to assist the Government in achieving its objectives set out in the NIF III.

245. The DLMS will be assessed during the JAR each year. The additional funding for the sector from the performance tranche will be released to the GRZ based on the achievement of the DLMS. Each milestone is equally weighted and must be fully achieved for the performance tranche to be released. The targets of the DLMS will be reviewed annually.

246. Targets and indicators will be reviewed between Government and CPs annually and include appropriate data sources for gathering information to ensure it is both readily available and relevant. Any revisions must be jointly agreed between GRZ and CPs. Adherence to the MAF, JFA and the bilateral MOU will be monitored on an on-going basis. The logframe for the SBS M&E is based on selected PAF baselines, milestones, targets and performance.

247. To facilitate the data required for reporting against the milestones in the strategic PAF, additional monitoring is required. Baseline and endpoint data on learning outcomes and HR management, not currently available at all levels. These will be conducted through a Service Delivery Survey at the beginning and end of the

programme. In addition, routine monitoring of learning outcomes will be carried out by the Examinations Council of Zambia at grade 5 in the National Assessment Survey will be conducted bi-annually. An additional literacy/numeracy survey will be conducted in the alternate year for grades 1 or 2. The additional external surveys (PETS, PER, and procurement audits) will be conducted as set out in paragraphs in this document and within the logframe (see Flag/Annex B). Funding for these surveys will be available from the TA component and the M&E/evaluation funds of this programme.

248. Improvements to the EMIS data collection, analysis, usage and dissemination are critical for there to be improvements in sector implementation. This is an area where good coordination is required as it has been and continues to be supported by CPs. This will ensure complementarity and avoid duplication of support. It will be assisted through the technical assistance component of the programme. The policy dialogue will focus on improved data for better planning and budgeting.

Evaluation

249. This programme has followed the guidelines within the DFID Zambia Evaluation strategy and has scored 16, which places it in the medium range. The evidence for the programme overall is rated **medium**, with some areas there is low evidence and other areas with stronger evidence. This means we are tailoring the evaluation plan to address the range of levels.

250. For the area on learning outcomes we would like to develop better information on the impact of teacher absenteeism and pupil/teacher contact time and the effect on learning outcomes. This evaluation will help to develop the evidence that will provide sufficient information and guidance for Government to take action at a policy level on improving education quality. Therefore, it is proposed that the evaluations are formative, providing the information on processes in place and how different practices result in different learning outcomes.

Purpose of the evaluation

251. The evaluation has two objectives: to review and determine the effectiveness of SBS as an aid modality in the education sector, which is an **external** evaluation of GRZ/CP interactions, as well as an **internal** evaluation to help GRZ to evaluate an element of its own policy (teacher deployment/retention), and build up evaluation skills in Zambia¹⁰⁵ as part of capacity development for integrated, evidence-based and results-focused planning, management and accountability.

Key users and their role in the evaluation

252. The key users of the information will be the (a) Ministry of Education from national to school level; (b) Ministry of Finance (MOF) and other key line ministries and parastatals such as the Ministry of Labour, P MEC, etc.; (c) CPs for reporting against performance indicators to determine release of funds for the following year; (d) Wider DFID and GPE; and (e) Civil society organisations to demand better quality of education in schools.

253. Their role in the process will vary. The Ministry of Education will be part of the steering committee to support the evaluation process, with a specific TOR to be developed. All key users will participate in the development of the terms of reference, the inception report, the final report and in the dissemination process. In addition, it may be the case that a portion of the evaluation is jointly funded with other CPs and then some

supervision of the evaluators would be included.

Timing

254. The purpose of the evaluations will be formative, i.e. to learn and improve and summative as we are concerned with results. We envision that there will be two evaluations of the SBS modality: mid-term and final. For the evaluation of the GRZ policy on human resource management, we envision a baseline survey, followed by mid-term and end of programme evaluations.

Key evaluation questions

255. The key evaluation questions to answer are related to the instrument of SBS and the effectiveness of GRZ policies to deliver improved services.

- a. For the SBS aid modality the question would be:
 - i. How has the SBS plus technical assistance and advisory support led to institutional strengthening? With the supplemental question of:
 - ii. Has the setting of DLMs accelerated change in the DLM indicators?
- b. For the GRZ policy on human resource management the question would be:
 - i. Have GRZ policies and practice in HR management improved to decrease teacher absenteeism and improve pupil/teacher contact time? With the supplemental question of:
 - ii. To what extent does increase pupil teacher contact time and tracking teacher absenteeism lead to improved learning outcomes?
 - iii. What are the perceptions of stakeholders on how the ministry's management capacity has changed over the period?

Design and methods

256. Both of these evaluations will be a combination of formative and summative evaluations that will focus on policy instruments, service delivery mechanisms and management practices and examine the links between these. They will include desk reviews, interviews and reviews of the school census questionnaires and data, EMIS and the examination council of Zambia data. There are issues of seasonality that will determine when the surveys will be conducted, which are to some extent dependent on the school calendar, farming and planting schedules and rainfall patterns.

257. The monitoring strategy will greatly facilitate the portion of the evaluation focused on a review of the aid modality, as there are significant improvements planned within the Ministry of Education through the EMIS unit as part of the monitoring strategy. The evaluation will assess if there is now increased ministry capacity in financing and reporting processes against results and will use an analysis of improvements in performance reporting through the JAR review reports, annual progress reports and improved availability and access of EMIS data to all stakeholders. This will include improvements in performance reporting in the:

- i. Joint Annual Review Reports for the Education sector
- ii. Annual Progress reports
- iii. Education Statistical Bulletins released annually.

258. With respect to the evaluation of the Human resources management for teachers in rural areas, the programme will support a rural service delivery survey (with a purposive or random design) to collect data on deployment, retention, absenteeism, contact time,

which will add to the routine data collected through EMIS.

Budget

259. There is a budget of £750,000 from DFID and £500,000 from GPE to cover both the monitoring and evaluation plans for this programme. In addition, the improvements planned for within the monitoring strategy for conducting assessment surveys and reviews (National Assessment Surveys for grade 5 and literacy/numeracy survey for early grade reading, PETS, PER, SDS, financial and procurement audits) will be covered in part by the technical assistance component of the programme and likely will have inputs from other Cooperating Partners. If additional funds are required, these can possibly be made available through the GPE.

Contracting of Evaluators

260. The evaluators will be contracted following DFID's procurement procedures, soon after the business case has been approved. Finalisation of the evaluation questions, methodology and dissemination questions will be answered as part of the inception period. The supervision of these evaluations will be jointly agreed with the Ministry. It will be discussed and regular updates provided in the sector dialogue through the PITC, SAG and LEG committees. In addition, some capacity strengthening in evaluation processes and techniques will be provided to selected Zambians during the process.

Dissemination Strategy

261. It is important to have agreement on the dissemination strategy at the outset with all key stakeholders. As the evaluations will be discussed in the PITC technical committee meetings; updates can be provided on the status of the evaluation process and should enable it to stay on track. It is anticipated that funds for the dissemination will be shared between the GRZ, DFID and GPE (and possibly other CPs that may also choose to participate in either of the two evaluations).

262. It is anticipated that the findings and recommendations of the evaluations will have both national and global interest. Therefore, the dissemination strategy will be in two parts: (a) Dissemination in Zambia; and (b) SBS findings disseminated more widely. The communications plan developed by the evaluators will include dissemination strategies. In addition to reports, presentations of the key findings and recommendations will be delivered within Zambia and to a wider audience which will include DFID, GPE, CPs, CSOs and other key stakeholders.

Logframe

263. The logframe for the Education SBS programme is annexed to this business case (see Flag/Annex B).

Annexes

264. Annexes to this programme include the SBS Programme logframe, education Sector Strategic PAF (with disbursement linked milestones), MESVTEE organogram, Economic Appraisal, Climate Change and Environmental assessment and checklist, Risk register, Education Sector Fiduciary Risk Assessment (FRA) (2012) including FMAP, Annual Work Plan and Budget (AWPB) (2013), GPE QAR Phase II report, GPE financing Procedures Arrangement between DFID and WB/GPE (draft). They are all available on QUEST.

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- ¹ Education Statistical Bulletin (ESB), MESVTEE, 2010
- ² National Implementation Framework III, MESVTEE 2012
- ³ Strategic Plan 2010- 2014 of MSTVT; 2009 NIF III MESVTEE, 2012; and Labour Force Survey Report, Central Statistics Office (CSO), 2010
- ⁴ Sector Budget Support ODI paper, 2011; this is also referred to as GBS
- ⁵ NIF III, MESVTEE, 2012
- ⁶ LCMS 2010
- ⁷ Education Statistical Bulletin 2010, MESVTEE
- ⁸ Living Conditions Monitoring Survey (LCMS), 2010
- ⁹ GRZ budgets 2010-2012; Analysis of 2013 budget allocations to the education sector. ZANEC, Nov. 2012
- ¹⁰ This percentage of budget allocation for salaries (called personnel emoluments) is an average that is similar to other countries in SSA
- ¹¹ GRZ, budget 2011
- ¹² Community schools provide schooling to those children who would otherwise not be able to access education (special needs, orphans, poorest, etc.) They are funded by communities and are largely (90%) staffed by untrained teachers.
- ¹³ Annual progress report, MESVTEE 2012; personal communication with the Honourable Minister of Education (MESVTEE), 2012
- ¹⁴ NIF III, 2012; Patriotic Front manifesto, 2011
- ¹⁵ ESB, MESVTEE, 2011
- ¹⁶ Education Annual Progress Report, MESVTEE, 2012
- ¹⁷ This is a clear focus in the Sixth National Development Plan (SNDP) and for vision 2030
- ¹⁸ Annual Progress Report, MESVTEE 2011; Youth and Labour Market Needs in Zambia, British Council (in draft), 2012; making quality improvements in informal apprenticeship systems in Zambia: A feasibility study. Sarita Ryan, ILO, 2011
- ¹⁹ Youth and Labour Markets, British Council 2012; Making quality improvements in informal apprenticeship systems in Zambia: A feasibility study. Sarita Ryan, ILO, 2011
- ²⁰ Annual Progress Report, MESVTEE, 2011; informal communication with the Permanent Secretary (Dr. Patrick Nkanza) for TEVET/higher education and ex-TEVETA CEO
- ²¹ Zambia PRBS evaluation, 2010
- ²² Southern and Eastern African Consortium for Measuring Educational Quality
- ²³ National Assessment Survey, Examinations Council of Zambia, 2008
- ²⁴ Pupil Performance, Pedagogic Practice, and School Management: An SSME (EGRA/EGMA) Pilot in Zambia. Penelope Collins, Pierre De Galbert, Ash Hartwell, Emily Kochetkova, Amy Mulcahy-Dunn, Abhijit Nimbalkar, and Wendi Ralaingita. (2012) RTI International
- ²⁵ ESB, MESVTEE 2010
- ²⁶ ESB, MESVTEE 2010; NIF III, MESVTEE, 2012
- ²⁷ National Assessment Survey, ECZ, 2008
- ²⁸ LCMS, Central Statistical Office, 2010
- ²⁹ Recent study by Restless Development (CSO in the sector) found that over 80% of all Teenage Pregnancy cases over a ten year period, 2001-2010, occur from Grade 5 to 9, which is exactly the examination cut off classes which are preventing girls getting into senior secondary). Restless Development, 2012 (study still in draft)
- ³⁰ ESB, MESVTEE 2010
- ³¹ ESB, MESVTEE 2011
- ³² ESB, MESVTEE 2010
- ³³ GPE aide memoire September 2012; NIF II evaluation, Chileshe, John. 2012
- ³⁴ ICAI East Africa Report, 2012
- ³⁵ The GPE founding principles are based on the Paris Declaration's on aid effectiveness:
- ³⁶ GPE guidelines for Supervising Entity (SE), GPE secretariat, 2012
- ³⁷ The Netherlands also was the supervising entity for the GPE during this period up to July 2012 and were responsible for supervision of the GPE grant of \$30m (2009-2012).
- ³⁸ NIF III, MESVTEE, 2012; Governance and Management Capacity Strengthening Plan 2012-2016. Ministry of Health, 2012
- ³⁹ Zambia PRBS ICAI report, 2012
- ⁴⁰ IDC report on Zambia, 2012
- ⁴¹ East Africa ICAI report, 2012

- ⁴² This system is the SUN system. It has been in place for over 10 years and the Ministry staffs are familiar with it and are able to utilise it effectively. It is a completely parallel system to Government systems and has high transaction costs of dual reporting requirements which are labour intensive and do not provide strong VfM.
- ⁴³ The calculations for these figures are based on the base case of the projection model within the NIF III and DFID's share of the allocations/releases against the total GRZ budget
- ⁴⁴ ESB, MESVTEE, 2011
- ⁴⁵ Drivers of quality change in the education sector in Zambia. Denis Wood, John Chileshe (Nov 2012)
- ⁴⁶ Appraisal of the Zambia NIF III 2011-2015 under the Sixth National Development Plan (SNDP). Local Education Group Report (LEG), September 2012
- ⁴⁷ Pupil teacher contact time can be further hampered by insufficient teaching and learning materials. Helen Abadzi. (2007). Absenteeism and beyond: Instructional time loss and consequences. (2007, October). World Bank Policy Research Working Paper Series, pp. 29, 34, 42. Washington, DC: World Bank.
- ⁴⁸ Timothy Williamson & Catherine Dom. ODI. Sector Budget support in Practice: synthesis report, 2009
- ⁴⁹ Timothy Williamson & Catherine Dom. ODI. Sector Budget support in Practice: synthesis report, 2009
- ⁵⁰ Stephen Lister, Funding Modality Options for Support to the Education sector 2012
- ⁵¹ IOB (2008) Impact Evaluation. Primary Education in Zambia. Policy and Operations Evaluation Department No. 312. The Hague: OBT;
- ⁵² Chene (2010) U4 Expert answers: Mainstreaming anti-corruption within donor agencies. Anti-corruption resource centre
- ⁵³ Norris & Paul (2006) IMF working paper. WP/06/146 What Transparency Can do When Incentives Fail: an analysis of rent capture.
- ⁵⁴ John wood & Laetitia Antonowicz, Fighting corruption in the Education sector: methods, tools and good practice, UNDO working paper, October 2010
- ⁵⁵ Barrera-Osorio, F. et al., 2009, World Bank Decentralized Decision-Making in Schools, The Theory and Evidence on School-Based Management; Recanatini et al (2005)
- ⁵⁶ Sammons, P., Hillman, J. & Mortimore, P. (1995) Key Characteristics of Effective Schools. Institute of Education: International School, Effectiveness and Improvement Centre
- ⁵⁷ IOB (2008) Impact Evaluation. Primary Education in Zambia. Policy and Operations Evaluation Department No. 312. The Hague: OBT
- ⁵⁸ IOB (2008) Impact Evaluation. Primary Education in Uganda. Policy and Operations Evaluation Department No. 311. The Hague: OBT In Uganda schools participating in a project aimed at improving the quality of school management produced 50% better results than comparable schools
- ⁵⁹ Institutional issues with educational systems in developing countries such as corruption, lack of transparency, and inefficient use of resources may severely impair the effectiveness of increased school resources (Glewwe, P., & Kremer, M. (2006). Schools, teachers and education outcomes in developing countries. In E. Hanushek & F. Welch, eds. Handbook of the Economics of Education. North Holland.)”
- ⁶⁰ Mulkeen, A. (2010) Teachers in Anglophone Africa. Issues in Teacher Supply, Training, and Management. Washington, DC: The World Bank
- ⁶¹ Anthony Petsino, Claire Morgan, Trevor A. Fronius, Emily E. Tanner-Smith, Robert F. Boruch. The Campbell Collaboration (2012). Interventions in developing nationals for improving primary and secondary school enrolment of children: a systematic review.
- ⁶² Helen Abadzi, 2007, Absenteeism and Beyond: Instructional Time Loss and Consequences (October 1, 2007). World Bank Policy Research Working Paper Series,
- ⁶³ Time-on-task activities derived from Joseph DeStefano et al., Using Opportunity to Learn and Early Grade Reading Fluency to Measure School Effectiveness in Ethiopia, Guatemala, Honduras, and Nepal, USAID EQUIP2 Working Paper, 2010, p. 17.
- ⁶⁴ EGRA, USAID 2011, ZAMTEK 2011.
- ⁶⁵ For international experience, see: Lloyd, CB. and Young, J. (2009) New Lessons; the Power of Educating Adolescent Girls. New York: Population Council.
- ⁶⁶ Cited in C.B. Lloyd 2009: USA study: Dee, Thomas S. 2007. "Teachers and the gender gaps in student achievement," Journal of Human Resources, 42(3): 528-554. Bangladesh study: Khandker, Shahidur R. 1996. Education Achievements and School Efficiency in Rural Bangladesh. Washington, DC: World Bank. Asadullah, Mohammad N. and Chaudhury, Nazmul. 2008. "Holy alliances: Public subsidies, Islamic high schools, and female schooling in Bangladesh." in Mercy Tembon and Lucia Fort (eds.) Girls' Education in the 21st Century. Washington, DC: World Bank: 209-238. Five-country Africa study: Michaelowa, K. 2001. "Primary education quality in Francophone sub-Saharan Africa: Determinants of learning achievement and efficiency considerations." World Development, 29(10): 1699-1716. Mozambique study: Handa, Sudhanshu.

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2002. "Raising primary school enrolment in development countries: The relative importance of supply and demand." *Journal of Development Economics*.69: 103-128.
- ⁶⁷ ODI/SCF Charting the Future: Empowering Girls to prevent Pregnancy (London, 2012),
- ⁶⁸ Education Fiduciary Risk Assessment (FRA), Moore Stephens, 2012
- ⁶⁹ World Bank World Development Report 2010
- ⁷⁰ Elimu Yetu Coalition 2005
- ⁷¹ International Council on Human Rights Policy 2008: 28
- ⁷² How Pro-poor and Progressive Is Social Spending in Zambia? Jose Cuesta, Pamela Kabaso, Pablo Suarez-Becerra. The World Bank Poverty Reduction and Economic Management Network Poverty Reduction and Equity Unit. April 2012
- ⁷³ This is a core element of the DFID supported Adolescent Girls Empowerment Project (AGEP)- the core of which is weekly meetings with female mentors from the community
- ⁷⁴ Changing the landscape in which girls learn and live: Results of a baseline assessment of the CAMFED programme in Zambia, CAMFED, 2008; Creating a Safe School Environment: A Multi-Stakeholder Response to Child Abuse: Best Practices documented from the Zero Tolerance to Child Abuse in Schools Campaign 2007-2012. CAMFED Zambia. 2012
- ⁷⁵ Grade 9 pass rates have Copperbelt performing best at 57.6% and the largely rural province of Southern province significantly lower at 42.1%. Data is from the "learning achievement at the Middle Basic School Level: Zambia's National Assessment Survey Report of 2008. Examinations Council of Zambia, 2010.
- ⁷⁶ Unfinished Business: Making a difference in Basic Education: An evaluation of the impact of education policies in Zambia and the role of budget support. IOB Evaluation no. 352, Ministry of Foreign Affairs of the Netherlands, 2011
- ⁷⁷ As per the GRZ allocations schedule, budget 2012
- ⁷⁸ Drivers of quality change in the education sector, Denis Wood, John Chileshe, DFID commissioned paper, 2012
- ⁷⁹ Desk review of teenage pregnancy in Zambia, Restless Development, August 2012; ODI/SCF Charting the Future: Empowering Girls to prevent Pregnancy (London, 2012)
- ⁸⁰ ESB 2011, MESVTEE
- ⁸¹ Employment of Young Persons and Children (EYPC) Act of 2004.²⁷
- ⁸² Understanding Children's Work report (UCW, 2009)
- ⁸³ What have we learned from a decade of child labour impact evaluation, Furio C. Rosati, Jacobus de Hoop, draft report, November 2012
- ⁸⁴ Towards ending child labour in Zambia: An assessment of resource requirements. UCW, September 2012
- ⁸⁵ WASH in schools: bottleneck analysis , UNICEF, 2012
- ⁸⁶ Drivers of quality change in the education sector. Denis Wood, John Chileshe, DFID commissioned , 2012
- ⁸⁷ From key informants.
- ⁸⁸ Janne Lexow. 2004. SWAps and Civil Society: The Role of Civil Society Organisations in Zambia's Basic Education Sub-Sector Investment Programme (BESSIP), p. 14. and ZANEC personal communication, November, 2012
- ⁸⁹ Source is the NIF III financial projections for 2013 to 2015. The figures for 2016 have been estimated, assuming similar allocation of expenditure as in 2015.
- ⁹⁰ Sexual behaviour survey, Central Statistics office, 2009; Drivers of the Epidemic Studies, UNAIDS, 2012
- ⁹¹ The strategic PAF was agreed in November 2012 and is attached as annex C
- ⁹² P MEC, 2012 verbal confirmation of budget figures
- ⁹³ P MEC through MESVTEE, 2012: verbal confirmation with Oscar Shitima
- ⁹⁴ Teachers' pay and conditions: an assessment of recent trends in Africa. Sylvie Lambert (2004)
- ⁹⁵ Consultancy on the Review of the System for Decentralized Textbooks Procurement and Distribution in Zambia (2009)
- ⁹⁶ Updating on progress in the education sector, Parliamentary Accounts Committee (PAC) report 2012, DFID
- ⁹⁷ Timothy Williamson & Catherine Dom. ODI. Sector Budget support in Practice: synthesis report, 2009
- ⁹⁸ Unfinished Business: Making a difference in Basic Education: An evaluation of the impact of education policies in Zambia and the role of budget support. IOB Evaluation no. 352, Ministry of Foreign Affairs of the Netherlands, 2011
- ⁹⁹ The implementation of the NIF III will be funded through this programme for years 1 and 2. In year 3 of the programme (2015/16) the programme will be funding the next sector plan that will be developed over the period.
- ¹⁰⁰ The calculations for the GPE funding have been based on an exchange rate of \$1.62 to £1. Final amounts will fluctuate from these estimates depending on the exchange rate at that time.

¹⁰¹The difference in calculation of SBS and GPE spend in the document from £55.5m to £59.2m is the result of DFID's support including funding for 2016 (for the first year of the next NIF programme) in the amount of £8.0m, while GPE funding is currently only applicable for the period up to 2015 and for the duration of NIF III.

¹⁰² Equivalent to \$400,000 USD

¹⁰³ Fiduciary Risk Assessment (FRA) for the education sector. Moore Stephens, November 2012

¹⁰⁴ Education Sector Monitoring and Evaluation system, MESVTEE, 2010

¹⁰⁵ This would benefit local consultants in evaluation skills as well it could working in conjunction with evaluation association of Zambia