



**Education Sector Development
Framework 2009-2015**

Ministry of Education,
Government of Lao PDR

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Glossary of Terms

ADB	Asian Development Bank
AusAID	Australian Agency for International Development
BESDP	Basic Education Sector Development Program (financed by ADB)
CDF	Capacity Development Framework
CLC	Community Learning Center
DEB	District Education Bureau
EC	European Commission
ECCD	Early Childhood Care and Development
ECE	Early Childhood Education
EDP ₂	Second Education Development Project (financed by World Bank)
EFA	Education for All
EFA MDA	EFA Mid-Decade Assessment
EPA NPA	EFA National Plan of Action
EMIS	Education Management Information System
ESDF	Education Sector Development Framework
ESWG	Education Sector Working Group
FTI	Fast Track Initiative
GER	Gross Enrolment Rate
IVET	Integrated Vocational Education and Training
MDA	Mid-Decade Assessment
MDG	Millennium Development Goal
MoE	Ministry of Education
MoF	Ministry of Finance
MPI	Ministry for Planning and Investment
NER	Net Enrollment Ratio
NFE	Non-Formal Education
NGO	Non-Governmental Organization
NGPES	National Growth and Poverty Eradication Strategy
NSEDP	National Socio-Economical Development Plan
NESRS	National Education System Reform Strategy
PES	Provincial Educational Service
PRSO	Poverty Reduction Strategy Operation
PTR	Pupil/Teacher Ratio
TEI	Teacher Education Institution
TVET	Technical Vocational Education and Training
VEDC	Village Education Development Committee

Executive Summary

The Ministry of Education recognizes the need for improved sector-wide planning to address key deficiencies across the education sector. The Ministry is keen to have a balanced approach to education sector development to ensure that investment in the national education system is national, uniform and even. This will overcome education system disparities that prevent sustained and even education sector development. A sector-wide framework leading to a single and agreed education sector-wide approach will enable the government and development partners to plan according to agreed outcomes and targets within an annual implementation plan. This will allow the Ministry of Education and development partners to adopt a longer-term strategy for support to the sector with investment planning captured within a single resource and funding envelope.

The Asian Development Bank (ADB), European Commission (EC), the World Bank, Government of Australia, Government of Germany, Government of Japan and key United Nations agencies have been major investors in the education sector. As leading members of the Education Sector Working Group (ESWG) these development partners have made major contributions to the development of the national education system. ADB, EC and the Government of Australia through AusAID have been supporting ongoing programs of technical assistance to the development of an education sector plan for informing ongoing expansion of the education system including rapid growth across a much expanded school education system. The *Education Sector Development Framework* (ESDF) has been developed to cover planning and investment across the full education sector. The ESDF will enable a comprehensive estimation and projection of education sector requirements, more balanced and even sector development and inform a focused and better coordinated program for external development assistance. The ESDF will also equip the Ministry of Education and development partners to estimate the total investment program in support of the ongoing development of the national education system. A proposed annual implementation plan will be a core Annex in the final ESDF. The first annual implementation plan (AIP) will provide the first concrete step for ongoing AIP preparation for review and endorsement of the ESWG during technical meetings. The AIP will put in place steps for regular review of education sector performance including the impact of major investment decisions.

The *Education Sector Development Framework* will be a major education sector plan for Lao PDR. As a plan it draws upon a number of key policy documents including the new *Education Law of 2007*, the *National Education Sector Reform Strategy 2006-2015*, the *National Socio-economic Development Plan 2006-2010*, the *Education for All National Plan of Action 2003-2015*, the *Education for All Mid-Decade Assessment (2008)* and *Vientiane Declaration of Aid Effectiveness (2006)*. Both the Ministry of Education and development partners have endorsed the *Education Sector Development Framework* as the action plan for the *National Education System Reform Strategy 2006-2015*. The ESDF is structured according to the thematic areas examined by each ESDF Technical Working Group. These groups examined (i) Budget and Planning, (ii) Governance and Institutional Reform, (iii) Human Resource Management, (iv) Social Development and Inclusive Education, (v) Basic

Education, and (vi) Post-Basic Education. The Technical Working Groups (TWG) examined education sub-sectors to develop a list of policy priorities, strategies and actions. With attention to access, equity, quality, and effective management, the TWGs developed a framework of strategic directions and targets to support policy goals articulated in key documents (plans) for education sector development. They have provided pro-poor strategies and action in support of expansion of pre-school for 5-year olds, Grade 1 entrance by 6-year olds, universal primary school completion, the expansion of secondary education, raising the education level of adults, abolition of illiteracy and means for achieving a better skilled workforce. The 47-poorest districts of Lao PDR have been targeted as the most disadvantaged populations to benefit from the ESDF. These districts will headline the ESDF reform process. Recommendations on strengthening education service delivery have been provided including improved arrangements for education governance between the central Ministry of Education, Provincial Education Service and District Education Bureau. New governance arrangements center on enhanced service assignment and initiatives in expenditure assignment enabling greater efficiencies in providing funds to schools by means of block grants.

The *Education Law of 2007*, the *National Education Sector Reform Strategy 2006-2015* and the *Education for All Mid-Decade Assessment (2008)* argue for a more effective and efficient national education system, one that requires robust support by senior education managers and the major development partners. To realise this support, the Ministry of Education will require organizational and managerial mechanisms that capture confidence through demonstrated capacities for achieving greater effectiveness and efficiencies across the national education system. There is a clear need to strengthen central Ministry strategic management through the recommendations coming from the *Capacity Development Framework*, improve provincial and district-levels of education management in line with national policies and revised budget formats and secure the long-term viability of expanded education sector funding.

Many interventions in the ESDF have a pro-poor focus with attention to remote, isolated and underserved populations. A robust scholarship system is proposed for securing improved student retention and cohort survival rates. Pro-poor strategies include a vastly improved scholarship scheme for poor students intending to undertake teacher training and incentive programs for recruiting and retaining very good teachers in the poorest districts. The *Education Sector Development Framework* reflects a shared long-term vision and commitment to the education sector by government and development partners. It also provides a shared understanding of the major education reform priorities. The framework proposes measures for better harmonization of external assistance to the sector and a shared commitment to mobilizing the necessary resources for reducing funding gaps. It provides a single plan for the whole education sector. As the Government will install a school structure based on a 5+4+3 school system, measures will need to be in place to (i) expand the number of classrooms nationwide, (ii) recruit qualified and trained teachers to meet the needs of an expanding secondary school system and to ensure that all settlements and villages have access to a primary school, (iii) ensure that education officers are adequately trained to support education service delivery at all levels of education administration and (iv) that ESDF priority action is directed to Lao PDR's 47-poorest districts. ***These are the immediate priorities of the ESDF.***

1 The Context

1.1. National Development Imperatives

1. Lao PDR is a landlocked country situated between Cambodia, PR of China, Myanmar, Thailand and Vietnam. The population of the Lao PDR represents a rich and interesting mix of ethnic groups constituting a significant asset in the country's human resource base. The country has a unique education system including around 8,500 primary schools for a population of some 5.6 million. A significant proportion of these 8,500 primary schools are *incomplete* and consist of only one or two classrooms. According to major policy and planning documents including the *National Socio-Economic Development Plan 2006-2010* (NSED), *National Growth and Poverty Eradication Strategy* (NGPES), *National Education System Reform Strategy 2006-2015* (NESRS), *Education for All-National Plan for Action 2003-2015*, *Teacher Education Strategy 2006-2015* and *Action Plan 2006-2010* (TESAP) and *Education for All Mid-Decade Assessment* (October 2008) one of the key priorities of the Government of Lao PDR is improvement of the quality and access to basic education and health services, to support employment and income-generating activities, thereby strengthening social safety net coverage¹. The *Education Sector Development Framework 2009-2015*, is the next logical step in the policy framework. It provides continuation of to a logical sequence of actions in formulating an education sector plan agreed to by the Government and development partners².

2. Government of Lao PDR policy and strategy documents acknowledge that underpinning economic development there is a requirement for substantial reform to the national education system. In implementing social and education sector activities, the Government has ensured that poor and vulnerable groups and ethnic populations have equal access to basic social services, thus supporting opportunities for employment and participation in economic activities. This means the provision of satisfactory levels of education, food availability and health are recognised as the prerequisites for moving out of poverty and vulnerability, especially from the cycle of inter-generational poverty. National education reforms will provide a foundation for securing the government policy of national human resource development. The *National Socio-Economic Development Plan 2006-2010* advises:

to improve the education of the whole population it is necessary to concentrate on equitable access, quality, relevance and management of education. Increasing primary school attendance and literacy rates particularly for people in under-served areas, such as ethnic peoples, children

¹ The *United Nations Literacy Decade* and *United Nations Decade of Education for Sustainable Development* initiatives can be added as generic strategy documents informing the *Education for All* agenda inherent to the *Education Sector Development Framework*.

² The *Education Sector Development Framework* (December 2008) is a continuation of the draft *Education Sector Development Framework* (April 2008) prepared by a team of advisors funded by the Asian Development Bank. The situation analysis and the structure and content of the ESDF policy matrix contained within that study remain relevant. The Ministry of Education played a major role in preparation of the ESDF including the identification of the policy framework and strategic directions (action).

with special needs and girls, is an important foundation step ... Accessibility to quality secondary education has to be improved to raise the number of students entering and completing secondary education and hence going on to a third level education.

3. The *Education for All Mid-Decade Assessment*³ points to significant progress in school education over the past decade. Enrolment and enrolment rates in primary, lower secondary and upper secondary educations have grown. Technical education and higher education opportunities have expanded including growth in public/private partnerships in education. Public expenditure on education, though still comparatively low by regional standards, has grown significantly, alongside sustained and high-levels of external development assistance. The Government's flagship planning document for the education sector is its *National Education System Reform Strategy, 2006-2015*. Policy advice provided by the plan are echoed in addresses delivered by the Prime Minister and the Minister of Education. The 4-key areas of action are:

- (i) increase the length of general education to 12 years (5+4+3);
- (ii) access expansion and a quality and relevance to education improvement program;
- (iii) implementation of the *Teacher Education Strategy and Action Plan*; and
- (iv) the expansion of technical schools and vocational training⁴.

4. These 4-priorities signal the immediate and short-term focus of the ESDF⁵. The NESRS does not only focus on general education. It also has a focus on improved education governance by means of a much strengthened and committed education administration, one dedicated to greatly enhanced education service delivery. The *Education Law of 2007* reinforces the key strategic directions of the NESRS and affirms the regulatory environment in support of the ongoing development of the education system. Strengthening the national education system through the education reform process is now the Government's flagship program for national economic development. Formal schooling and national education system management are increasingly a focus of public investments in the sector. Development partners (donors) support this focus on national development and there are plans amongst donors to continue their support to the education sector from 2009. Government has made strong progress in improving the sector but much more work has to be undertaken.

5. With the Education Law a new structure of school education will be introduced. General education will follow a 5+4+3 formula for the primary, lower secondary and upper secondary levels.

³ *Education for All Mid-Decade Assessment*, October 2008, Government of Lao PDR.

⁴ At the first National Education Sector Reform Commission meeting (May 2007) it was decided that 'after the lower secondary examination students should be selected in two strands (i) normal strand and (ii) integrated strand (vocational). This is to enable students to study according to their competency and ability, and when they have completed upper secondary education level they can have alternatives to seek jobs and enter the work force.'

⁵ Implicit to these areas of action is (i) a rapid expansion of classrooms including new schools in out-of-reach or isolated areas, (ii) a significant strengthening of the teaching service including the appointment of new teachers to staff newly constructed classrooms, and (iii) measures to greatly reduce repetition.

This reinforces a key *Education for All* principle of 9-years of high-quality basic education⁶. The new school organizational structure will be strengthened through the introduction and on-going development of new curricula within a new curriculum framework approximating a K-12 model. By introducing the new school organizational structure the Government is securing its commitment to see Lao PDR meet international norms and standards in education. The introduction of the new structure involves significant and challenging changes in implementation of an expanded and competency-based school curriculum.

6. Despite good progress in education reform there are some fundamental weaknesses to be addressed by the education system of Lao PDR. Around 80 percent of the population are still dependent on rural livelihoods and poverty is widespread. Poverty can be seasonal, cyclical or chronic in nature but, whatever its form might be, it weakens the country's capacity to provide education for all and endangers the attainment of the Millennium Development Goal (MDG) of securing universal primary education completion by 2015. The negative impact of poverty on dropout rates (wastage) and transition rates from school is significant at all levels of general education. Even at the primary school level, the completion rate stands at 63% making progress towards universal primary school completion by 2015 very challenging. Poverty has a significant impact on upper secondary school dropout.

7. Transition rates from lower secondary school to upper secondary school are not high in rural areas. Studies frequently note that girls from ethnic populations are the most disadvantaged in terms of student retention rates⁷. Poverty affects the affordability of education through out-of-pocket expenses and opportunity costs related to the socio-economic context and geographical location of each family. Educational quality as measured by examination results is significantly lower in rural areas. Poorer settlements in rural areas perform worse than the poor in urban areas. It is important to note that a feature of education in Lao PDR is that the quality of teaching influences parental decisions whether to keep their children in school or not. Teacher attitude is increasingly recognized as a major influence on school dropout patterns.

8. Strategies will be needed to address the very high rate of school dropout in lower primary grades, particularly in rural areas and amongst ethnic populations. School feeding and nutrition programs, for example, will need to be rapidly expanded and maintained at a level necessary to encourage children in lower primary grades from more disadvantaged communities to remain in school. Low levels of transition through primary school grades among girls from some ethnic groups results in a widening gap in achievement between boys and girls. Implementation of appropriate strategies is required to address these specific issues and this is clearly acknowledged as a precondition for the achievement of universal primary school completion by 2015.

⁶ *Education Law of 2007*, Article 18, p.10. (Resolution of the National Assembly of the Lao People's Democratic Republic on the Adoption of the Revised Education Law, Vientiane, July 2007.)

⁷ *Education Sector Development Framework*, ADB, April 2008.

1.2. Responding to National Development Imperatives

9. This *Education Sector Development Framework 2009-2015* (ESDF) is the national education sector plan for Lao PDR. It will inform education sector investment. The ESDF has been prepared to identify, define and articulate priority government policies and strategies the national education system needs to pursue to meet education goals, targets and outputs set out in key policy statements made by the Government including the *Education for All National Plan of Action* and key Millennium Development Goals. The ESDF formulation process has enjoyed full support of the Government of Lao PDR and the donor community. The ESDF is designed to support the phasing of numerous education plans produced since 2005. It draws on the *Education for All Mid-Decade Assessment* (2008) and key new development assistance projects including the *Basic Education Sector Development Program* supported by the Asian Development Bank.

10. The ESDF formulation process has been country-led with analytical work and advisory support from development partners including the multilateral development banks. The ESDF sets out policy and strategic targets to align and maximize Government and development partner resources. It proposes measures to use Government systems for policy implementation taking account of capacity development priorities. The ESDF provides a base for joint sector performance monitoring and support for annual work planning and impact evaluation until 2015. Government and development partners are expecting reliable impact evaluations of sector investments to better define future investment and activity selection. Sector performance monitoring will be a feature of Lao PDR's application for *Fast Track Initiative-Catalytic Funds* (FTI-CF).

11. Development partners will gradually increase their investments in the sector but they expect informed planning and better evidence for results-based outcomes before committing funds. The ESDF is a first step in this exercise as is accession to the FTI-CF. It is anticipated that the ESDF will reflect robust government and development partner agreement on the investment program. It is expected that the Education Sector Working Group (ESWG), the joint development partner/government instrument for education planning, will progress to a new generation policy and planning modality namely an *Education Donor Consultative Mechanism* central to the FTI-CF process to ensure that Lao PDR progresses to full sector-wide planning for the education system. The ESWG and the Informal Education Donor Working Group as well as the major investors in the sector have worked closely with the Ministry of Education in preparing this education sector plan and strategy. This work is ongoing and activity is already in place for progressing the ESDF to implementation. Early indications are that key development partners are expecting the ESDF to be completed according to schedule and plans are in place for the provision of technical assistance for the first year of ESDF implementation.

12. The ESDF advises that education system governance and management needs ongoing improvement to fulfil the functions in effective and efficient support of quality education service delivery as well as equitable student access to schools. A major precondition and a key to enter a circle of continuous improvement and for achieving the sector goals is human resource development. A strengthened Ministry of Education (MoE) with a robust commitment to capacity

development and institutional reform will be central to the process of reforming the national education system. Major documents such as the *Teacher Education Strategy 2006-2015 and Action Plan 2006–2010* and the *Capacity Development Framework* are underpinning the aspirations of the Government of Lao PDR to achieve ambitious goals in this area. The government continues to prioritize the elimination of illiteracy, an education system that meets international norms and standards and a vastly improved teaching service including the effective deployment of quality teachers to remote, isolated and underserved areas. The ESDF provides an important means for bridging current education system gaps and ensuring achievement of education policy including linking the relevance of education content and learning with sustainable national development priorities.

13. The priority issues, gaps and constraints the ESDF addresses include:

1. an overall **quality improvement** of education including quality improvement to the recruitment, training, deployment and retention of teachers;
2. a significantly strengthened **teacher training system**;
3. **universal primary school education** completion by 2015;
4. gradual **expansion of secondary education**;
5. **strengthened management** of the education sector including significant strengthening of managerial capacity on the basis of an overall improvement in governance and human resource management;
6. **inclusive education** enabling equitable access to a quality education by disadvantaged populations; and
7. closer alignment between **education and employment** including the development of technical and vocational education and training in response to labour market demands and nationwide skill building.

14. All relevant national development plans highlight the importance of ensuring high-levels of literacy and numeracy through universal primary education. Policies reaffirm the national human resource development agenda for improving social well being, enhanced work force productivity and greater access to further education. A stronger relation between formal education and employment is a key underpinning feature of these plans. *The ESDF proposes policy targets and strategies for accelerating implementation of the NESDP, NGPES and NESRS. Recommendations from the ESDF Technical Working Groups (Focal Groups) set out in this document echo key strategic directions set in the NESDP and NESRS. Ultimately, achieving Millennium Development Goals in support of universal primary education is a central driver of the ESDF formulation process*⁸.

15. Government plans recognise the need for the school system to be responsive to labor market demands to meet key government objectives in support of human resource development. The ESDF proposes clear definitions and agreed strategies and targets for the education sector set out

⁸ The 5+4+3 school organizational structure and other cross-cutting issues in the ESDF are in the *National Education System Reform Strategy* and there is a decree issued for these education reforms to go ahead. The ESDF has been seen as the strategic plan for the national reform process and this is why the Technical Working Groups were set up and were then made official and operational in a decree in 2008. The work of the Technical Working Groups is central to this education sector plan and underpins the framework of priorities, strategies and actions throughout the document.

in the NESDP and NESRS and other Government of Lao PDR policy documents. It offers a range of new strategies agreed to by Government and development partners for meeting MDG and Education for All goals and targets by 2015. The education reform strategy in the NESRS is based on government visions, policies and strategic directions articulated in the:

- *Resolution of the Eighth Lao People's Revolutionary Party Congress*
- *Sixth National Government Socio-economic Development Plan 2006-2010*
- *20-year Education Strategic Vision 2001-2020*
- *National Plan of Action for Education for All 2003-2015*
- *Vientiane Declaration of Aid Effectiveness*, November 2006
- *6th Education Development Plan 2006-2010*, and
- remarks of the Prime Minister on the *6-Principles for Education Reform* (July 2006 and July 2008)

16. Strategies for improving the performance of school education are detailed by the NESRS and changes to teaching, learning and assessment are recommended to assist in student retention and learning outcomes. Development partners, who constitute the major investors in the education sector, have adopted the measures suggested by the NESRS for education reform particularly in basic education. They consider the ESDF as the key action plan for education sector investment. Policy statements in conjunction with the content of the NESRS provide the Ministry of Education with a framework for determining education priorities. In terms of the current global economic and financial environment policies in support of technical education and vocational training and skills enhancement emerge across a range of thematic areas (improved education quality and relevance for instance). This reflects Government concerns about the employability of school graduates and the need for Lao PDR to meet pressing economic development goals. Government strategies include:

- expansion of basic education to all Lao ethnic populations;
- compliance of education policy with the *National Socio-economic Development Plan 2006-2010*;
- improved national education efficiency through a revised school organizational structure;
- revised curriculum, strengthened teaching, and improved learning with learning outcomes more closely aligned to employment;
- expanded access to post-secondary school education and training;
- expansion of technical education and vocational training; and
- ongoing support to *Education for All* action plans at the national and provincial levels.

17. The emphasis of priority areas is not only on school education and students but also on a better functioning, responsive and accountable national education system. Central to the objectives of the Prime Minister and Cabinet about the performance of the national education system is a more responsive central Ministry of Education, one that reacts quickly to reform processes. Enhanced cooperation between development partners is also sought as is evident with the cooperative efforts of the ESWG. An ongoing theme of central government policy and dialogue is the aim to have Lao PDR secure an education system that meets international standards. Government efforts to fully implement a K-12 school organizational structure and an increase in the number of internationally recognized universities across the country are symptomatic of these expectations.

18. The policy platform of this ESDF has been developed as well as concrete targets and actions defined by a joint government/donor ESDF development team including the Secretariat, Steering Committee and 6-Technical Working Groups. The ESDF proposes new strategies and capacity development measures strengthening and accelerating central–provincial accord including expenditure assignment and service assignment. The need for an inclusive education system enabling equitable access to mainstream schooling by disadvantaged and vulnerable populations is high on the ESDF agenda. The ESDF provides an informed response for speeding up implementation of the Vientiane Declaration on aid effectiveness across the education sector. *Further, in an effort to secure FTI-CF accession and continuous funding, efforts will be made to secure development partner agreement on urgent priority action for the sector to help guide significant education sector investments by bilateral agencies and the multilateral development banks.*

19. The ESDF provides a budget and financing plan for the fiscal year 2009-2010 and an indicative financial plan for 2007-2015. The overall investment for the education sector plan will be in the order of US\$1,839 million of which 71% is recurrent and 29% is investment. Of the total ESDF program budget some 90% of costs are shared across salaries, block grants and construction (of classrooms). A financing gap has been identified which will require robust planning efforts between government and donors to bridge. In terms of an annual budget, the education expenditure as a percentage of government expenditure was around 6.7% over 2007/2008 and is predicted to rise to 8.5% over 2008/2009. This is quite low so improvement in this area is needed. To meet the targets set out in the ESDF that percentage of national government expenditure will need to rise to between 14% and 18% by 2015. External assistance has been a major stimulus to the ongoing development of the national education system. This stimulus will need to be maintained.

20. The ESDF has been prepared at a time when the national education system of Lao PDR is in a state of transition, a transition requiring a substantial escalation in education sector investment owing to a large increase in pre-school enrolment and secondary school enrolments⁹. Owing to declining fertility rates primary school enrolment will begin to **decrease** but to achieve universal primary education completion enrolment will actually have to **increase** (by means of reduced dropout rates and greatly reduced repetition rates). Enrolment in secondary schools is set to escalate but again subject to satisfactory results in reducing dropout and repetition. The introduction of an extra year of lower secondary education will see the school organizational structure reach international norms on 12-years of formal schooling. The 5+4+3 school structure adds to expansion in secondary school enrolments and also places significant training and

⁹ The *Basic Education Sector Development Program* (BESDP) funded by the Asian Development Bank will make investments in education governance and this will be taken account of during the planning for ESDF implementation for FY2009/2010. The BESDP will provide essential support to Government policy areas key to moving the education forward towards a sector-wide approach for planning and funding. The BESDP will develop an action plan for teacher recruitment and deployment. It will also aim to support policy actions contributing to (i) ensuring increased resource mobilization to the education sector including rationalizing budgetary allocations for education; (ii) the design and implementation of an outcome-oriented budgeting and financial management system that will also lead to preparation of a Medium Term Expenditure Framework; (iii) strengthening teacher management through the preparation of a recruitment and deployment plan based on a teacher management information system (TMIS); and (iv) strengthen capacity for decentralized planning. The ESDF, BESDP and *Education for All National Plan of Action 2003-2015* will provide the foundation for sector wide planning overseen by the Ministry of Education and Education Sector Working Group.

professional development demands on the teacher training system. The government will face major challenges in securing sufficient classrooms, additional teachers and a revised curriculum (K-12).

21. The approach to national education reform in Lao PDR has been cautious owing to the context described by the Prime Minister¹⁰. Constraints are recognized. Some 54% of primary schools nationwide consist of only one or two classrooms. Some provinces have an over supply of teachers whilst in remote and isolated area settlements experience chronic teacher shortages. Education service delivery is highly variable and heavily influenced by the commitment of local officials. As a result, in 2008 the Government of Lao PDR has declared that education is a national priority and the key driver for meeting government human resource development objectives highlighted in the NSEDP, NGPES and NESRS. The EFA MDA highlights challenges for Lao PDR and development partners such as the full implementation of the new school structure, incomplete schools, high dropout rates, establishment of a social security net, and a strengthening of school-community cooperation. The ESDF proposes a range of strategies to address these challenges including an inclusive education policy relevant to the cultural context of curriculum and schooling, and to education provision for children with special needs.

¹⁰ Comments by H.E. Bouasone Buphavanh, Prime Minister of Lao PDR addressing the meeting of core staff of the Ministry of Education, Professors of the National University and high-level Vocational School staff, Vientiane, 25 July 2006.

2 Policy Framework and Priorities in the Education Sector 2009-2015

2.1. Basic Education

22. The *Education for All Mid-Decade Assessment* (2008) has set strategic directions and action for education sector development for the **short to medium-term**. Key action includes:

1. **expanded access to early childhood education/early child care and development (ECE/ECCD)**¹¹ opportunities including affordable expanded access strategies especially for poorer and underserved areas;
2. **equitable access to quality primary education** including affordable and cost-effective strategies and programs ensuring optimum levels of progression through primary schooling;
3. **expansion of lifelong learning** opportunities with innovative approaches for non-formal education especially for those who have never attended school; and
4. **gender parity** in accessing education opportunities.

23. These Ministry of Education agreed actions reflect the Prime Minister's commitment to:

- (i) ongoing reforms of the national education system including a commitment by the senior education sector management to the change process with a focus on national education system reforms, improved quality and access to education as well as the expansion of technical and vocational education and training (TVET) nation-wide, and
- (ii) achieve the *Education for All National Plan of Action* with an increasing emphasis on teacher development, teacher training, the teacher training curriculum, teacher deployment, teacher incentives and teacher societal responsibilities.

These policy orientations underpin this section of the ESDF.

24. Owing to uneven progress of the national education reform process and some delays in achieving intermediate targets, it will require full commitment and efforts by all stakeholders to achieve key EFA expectations concerning education quality, equitable access and school completion by 2015¹². There are many challenges ahead. It is estimated that at least 11% of the potential school population is still out-of-reach of any school. This issue needs to be prioritized and addressed in a consistent and comprehensive approach to ensure equitable access. The meaning of out-of-reach is a first step as the term applies equally to students unable to access school owing to distance and those who are simply not admitted to school, street children for instance. Pro-poor approaches for 'reaching' both will require different tactics. In relation to this, disadvantaged groups of children in Lao PDR are not easily defined¹³. Ethnicity, location of settlements and poor school

¹¹ For the purposes of the ESDF Early Childhood Education (ECE) and Early Child Care and Development (ECCD) are used with equal meaning. The Education Law Articles 14 and 15 determine this educational level as ECE, other documents such as EFA NPA refer to it as ECCD. In this respect ECCD must be regarded as a form of ECE or as a synonymous term. Further on ECE will be used consistently to cover this educational level.

¹² *The Millennium Development Goals Report*, UNDP, 2007.

¹³ Whilst the ESDF is being prepared additional technical assistance is being provided for the development of policy studies including studies in support of social development, inclusive education, education governance and

retention rates of girls in rural areas are all contributing factors in measuring disadvantage. In early childhood education, there are still large numbers of untrained or unsuitably qualified teachers. In both pre-school and primary school, children with disabilities are poorly catered for. The elimination of illiteracy remains a Government priority. As many ethnic children enter formal school education without a grasp of the Lao language they are automatically disadvantaged when progressing from Grade 1 to Grade 2. This is a key cause behind high repetition rates and poor cohort survival rates.

25. Taking account of the need in Lao PDR to develop effective inclusive education policies and plans, there is a need for action for achieving equity, reducing gender and socio-cultural disparities, overcoming barriers and obstacles for girls and ethnic groups and ensuring equal access to a better and high-quality lower secondary school education and skills training. Such action is required owing to the ongoing disadvantage experienced by girls and ethnic groups in school education and the world of work. The ESDF reflects medium to long-term priorities based on agreed EFA principles of: (i) where possible, prioritize resource allocation to geographically targeted remote ethnic group areas, especially where gender disparities tend to be larger; (ii) promote participation of ethnic groups and females in education project activities; (iii) promote gender and ethnic-sensitive curriculum materials; (iv) address needs and constraints of ethnic students, female students, women teachers and education officers; and (v) strengthen the capacity of relevant institutions and agencies addressing ethnic and gender concerns and equality in education¹⁴.

26. Many single classroom or 2-room schools require quality improvements to the classroom and learning environment. There are over 4,500 such schools. With many of these schools including only Grades 1-3, student drop-out is inevitable. The *Education for All Mid-Decade Assessment* seeks the rapid elimination of incomplete primary school through both classroom expansion and school rationalization. Affordable measures to reduce the direct and indirect cost barriers for enrolment and sustained participation go hand-in-hand with this output. Both measures are central to the ESDF. School feeding programs are achieving some progress particularly in rural and hard to reach settlements in the northern provinces of Lao PDR. There is a causal linkage between nutrition and education and as the *Education for All National Plan of Action 2003-2015* proposes expansion of early childhood education to 5-year olds implications of child malnutrition for the education sector need to be explored¹⁵. In terms of early childhood care and development, there continues to be a severe shortage of trained pre-school teachers. The quality of care and education is constrained by the low number of qualified teachers¹⁶. There needs to be an assessment undertaken to determine the feasibility of the long-term development of pre-schooling. This should involve the prioritized

institutional reform. Strategies for securing access to out-of-reach children and out-of-school youth will be explored in the relevant policy study (inclusive education).

¹⁴ *Gender and Ethnic Groups Development Plan. Lao People's Democratic Republic: Basic Education Sector Development Program*, Asian Development Bank, Project No: 32312, July 2006.

¹⁵ The World Food Programme's *Feeding the Future. A community-based approach to nutrition education* and its School Feeding Program provide valuable information and strategies for these projects.

¹⁶ *Education for All National Plan of Action 2003-2015*, MOE, 2005, p.27.

expansion of pre-schooling for 5-year olds. Collectively, these issues underpin both student and teacher absenteeism and present major obstacles for the quality improvement of education and national achievement of universal primary school completion.

27. For the **immediate** future, the policies and targets for basic education set out in the ESDF are consistent with implementation of the 5+4+3 school organizational structure which incorporates 9-years of high-quality basic education from the 2009/10 school year. This is a central reform element in the ESDF¹⁷. Within this reform other EFA actions and targets remain constant. A top priority is to ensure high-quality universal primary education by 2015 and nation-wide and equitable access to 4-years of lower secondary education by 2016. As drop-out of students from schools continues to be a serious constraint to achieving universal primary school completion, issues concerning the quality of education have to be addressed. Students having to repeat Grade levels owing to language issues is a major contributor to school drop-out. Lao PDR's 47-poorest districts bear the brunt of these burdens and efforts will need to be made to improve the situation of children in these districts.

28. Strategies for addressing repetition include the better deployment of teachers, a lower dependence of schools on parental contributions (school fees) and the phased introduction of block grants for schools alongside the phased introduction of progressive promotion in primary school. Students will require better access to textbooks and other instructional materials. A fundamental problem facing basic education is the need to complete existing incomplete schools by multi-grade teaching alongside appropriate staffing until the shortage of classrooms is solved. The best teachers are required for such schools and incentives must be in place to recruit and attain quality staff. *Schools of Quality* piloted by UNICEF and subsequently adopted by the Ministry of Education as Government policy offer a sound model for increasing Grade 1 enrolment rates, reducing repetition in Grades 1-5, preventing drop-out and securing a general improvement in the quality of teaching and learning.

29. In secondary education, in urban areas, enrolment in lower secondary schools has reached full capacity and there are similar patterns emerging in upper secondary school. In rural areas, students face financial and other constraints and may need to work rather than pursue formal education. Cyclic constraints lead to rural livelihood demands that often can be more pressing than the motivation for pursuing formal education. Recent studies advise that transition rates between lower and upper secondary school have been declining in both poor and non-poor districts over the past 3-years. The strongest decline is in poorer districts. Central to the success of the ongoing reforms will be a significant expansion of classrooms as the volume of enrolment in secondary schools increases¹⁸. Combined lower and upper secondary schools will require new measures and guidelines

¹⁷ The Ministry of Education is currently planning for the new school organizational structure. The ESDF advisory team has provided the Ministry with 3-scenarios for phasing in Grade 12. One scenario enables MoE to delay the introduction of Grade 12 until 2014/2015 enabling the first new Grade 6 students to progress to the new Grade 12.

¹⁸ The increase in access to a secondary school education will require the Ministry of Education, Ministry of Social Welfare and Labor, and Ministry of Planning and Investment to coordinate planning to ensure that the supply of secondary school graduates can be absorbed by labor market demand. Transition rates in rural areas maybe declining as parents recognize the poor economic returns from an upper secondary school education owing to the low demand for graduates in the formal employment sector.

on the strengthened role of school principals, school boards/committees and that of senior teachers. New measures in relation to school reporting, school performance agreements and the issue of annual report cards will need to figure prominently in the first Annual Implementation Plan of the ESDF covering 2009/2010. The ESDF identifies target areas where new legislation will be required¹⁹.

30. The ESDF has a key policy in support of progressive promotion. A phased and incremental approach is recommended based on an initial small-scale pilot, to be evaluated with a view towards scaling up in the medium-term. Progressive promotion works better if implemented alongside additional support to slow learners, innovative approaches to child-centered learning and student assessment, the quality improvement of teachers and greatly expanded access of students to textbooks. This policy requires participating schools to prepare a whole school development plan including continuous student assessment. However, the monitoring of school performance by the provincial and district levels of education must be strengthened as experience has shown that under-performing education officers at these levels contribute to poor results in progressive promotion and improved retention of students. Even during the pilot period, it is recognized that a certain number of students might need to repeat classes owing to the need to introduce Lao language as the language of instruction in Grades 1 and 2 (this concerns ethnic students learning Lao as a second language in the early grades of school). There is a risk that the quality of education for these students will decline if they are progressively promoted through each grade despite not having acquired the required skills and competency.

31. For early childhood education and primary and lower secondary education, the **immediate** priority is the estimate the number of new classrooms that will be required to meet universal primary school education completion by 2015. New classrooms will also be required for an expanded secondary school system. School feeding programs will need to achieve better coverage as more 5 and 6-year olds enter classrooms. The need to ensure the supply of adequately trained and motivated teachers is also pressing as communities will not commit to school infrastructure activity unless they are certain that they have the required teachers. So, new classrooms and teachers represent the main challenge for the ESDF for the short-term.

Early Childhood Education, Primary and Lower Secondary Education

Expanded ECE provision for 5 year olds through pre-school, kindergarten and community-based play group approaches.

Target: 65% new admission rate in community-based play groups, pre-school and kindergarten. Gradual expansion of admissions of 5-year olds into pre-schools to 45% by 2015. 35% proportion of children in public and private kindergartens and pre-schools by 2015 (6% annual growth).

¹⁹ Policies, actions and targets set within the ESDF are complimentary to those detailed in the Education *for All National Plan of Action 2003-2015*, MOE, 2005.

Increased primary school net intake rate for 6 year olds in Grade 1 incorporating school readiness programs.	Target: 98% primary school gross intake rate by 2011 based on completion of incomplete schools. 100% primary school net intake rate from 2012. Expanded school feeding program.
Increased net enrolment of students in primary school Grades 1–5 and lower secondary school Grades 6–9.	Target: 98% net enrolment rate in primary school from 2015 and 75% gross enrolment rate in lower secondary school from 2015. Introduction of block grants for students with specials needs.
Improved progressive promotion rates across Grades 1–5 and Grades 6–9.	Target: 98% progressive promotion rates for primary and lower secondary education from 2015 onwards.

2.3 Inclusive and Non-Formal Education in Basic Education

32. Integrated throughout the ESDF is a recognition that an inclusive education system is required to reduce barriers to formal school education. The inclusive education strategies, priorities and actions will be instrumental for achieving MDG, EFA and the overarching policy goal of equitable access until 2015. Inclusive education entails a focus on reaching the poorest children across the country and also involves pro-poor approaches to social development. Inclusive education actions to be implemented through this education sector plan will especially target girls, children with disabilities, ethnic populations and children in isolated and underserved areas to enable better school access and retention for these children. An **immediate** priority is that out-of-reach children will need to be captured by means of an expanded safety-net. Many of these children are found in Lao PDR's poorest villages. Multi-grade classrooms and a mobile teaching strategy would appear to be the most immediate response. For the **short-term** to **medium-term** provisions for inclusive education will focus on improved measures for increasing adult literacy and actions that will ensure more effective participation of girls and women in civil society as well as the national economy. The ESDF supports social development and inclusive education in all policy areas.

33. It is proposed that disability awareness is built into an ESDF inclusive education policy. Children with severe disability are poorly catered for in the national education system. As measures for inclusive education in this area are expensive means for bringing these children within reach will need to be identified taking account of affordability. It is proposed that a major policy study be undertaken over 2009 to identify strategies for caring for the disabled and providing them with some access to school education.

34. The ESDF fully supports the *Gender and Ethnic Groups Development Plan* (2006) prepared within the ADB supported *Basic Education Sector Development Program*. This plan reflects policy and action within the *National Growth and Poverty Eradication Strategy* (2004), the *Sixth Socio-Economic Development Plan 2006-2010*, *Education Strategic Vision 2000-2020* and *Education for All National Plan of Action 2003-2015*, providing guidelines for ensuring equity and gender equality including access to education and skills development especially for ethnic girls in poor and disadvantaged areas. *The ESDF supports critical EFA NPA targets regarding gender mainstreaming including (i) gender*

equality in education to secondary school level and (ii) curriculum development and teacher training oriented towards eliminating biases against girls.

Table 1: Female representation within the education sector, Lao PDR²⁰

Level	Position Description	No.	% Female	Income in (Kip '000)
I.	Vice Minister, Rector of University	3	33%	80,000
II.	Director General, Deputy Rector of University, Dean of Faculty	38	2.65%	25,000
III.	Deputy Director, Head of PES, Director of TEI, Vice Dean	141	9.92%	19,000
IV.	Head of Division, Deputy Head of PES	280	12.5%	14,000
V.	Deputy Head of Division, Deputy Head of Department, Director of Upper/Complete Secondary School, Head of Division of PES, Head of Division NUoL, Head of DEB, Director of TVET	895	8.93%	10,000
VI.	Deputy Division, Deputy Head of DEB, Director of LSS	2,081	8.72%	7,000
VII.	Director of Primary School, Head of Unit of DEB	5,755	8.58%	5,000
VIII.	Technical staff, teachers, personnel (no titles)	44,738	51.43%	5,000
	Total	53,915	44.17%	

35. Pro-poor and inclusive education policies and nonformal education policies and actions detailed within the *Education for All National Plan of Action 2003-2015*, are not repeated here but will be drawn upon as key nonformal and inclusive education action in the first ESDF implementation plan for school year 2009/2010²¹. One area of focus spelt out in the ESDF is re-entry programs for Grade 3-9 students who have been out of school for up to 5 years. A priority will be to establish criteria which enable out-of-school children to re-enter the school system.

36. The development of an integrated and relevant inclusive education curriculum is a key area of the education reform process, including the ECE school readiness curriculum, NFE curriculum, local curriculum and vocational skills learning. The problems have been identified and solutions are being addressed through the development of curriculum policy. Still, national implementation presents major challenges during the timeframe of this ESDF. The *Teacher Education Strategy 2006-2015 and Action Plan 2006-2010* provides for the interventions needed to increase the number of female teachers, teachers from ethnic populations and teachers of children with special needs. These interventions will further contribute to the achievement of an inclusive education strategy. The aim

²⁰ *Gender and Ethnic Groups Development Plan. Lao People's Democratic Republic: Basic Education Sector Development Program*, ADB Project No: 32312, July 2006. This plan is based on an earlier gender and ethnic strategy within the World Bank supported *Second Education Development Project*.

²¹ These include: (i) Objective 2.3: promote demand for primary education from girls, ethnic groups and the poorest families; (ii) Objective 2.4: improve access of children with special needs in all provinces to complete at least primary school; (iii) Objective 2.5: increase access of socio-economic disadvantaged children to complete at least primary school; (iv) Objective 3.1: develop the lower secondary school network in such a way as to increase the enrolments of ethnic group children, girls and children from rural and remote areas and to selectively respond to demand from Grade 5 students; (v) Objective 3.4: increase enrolment of disabled children; (vi) Objective 4.1: develop a comprehensive nonformal education policy, strategy and plan; (vii) Objective 4.5: establish a nonformal schooling system for school dropouts and children not attending formal primary school; and (viii) Objective 4.6: provision of nonformal primary education to children and youth in disadvantaged areas.

is to ensure that these issues permeate ESDF actions across all areas with informed policy studies due early 2009 to inform action.

Social Development and Inclusive Education

Development and implementation of a national inclusive education policy. New curriculum programs responsive to the needs of disadvantaged populations.

Target: Upgrade the pre-service and in-service teacher education content to address inclusive education policy based on gender awareness, ethnic diversity, children with special needs and disabled learners.

Development and implementation of a national inclusive education policy. New curriculum programs responsive to the needs of disadvantaged populations.

Target: Prepare and endorse guidelines on the design and equipping of inclusive education schools and criteria for opening an inclusive education school. Increase the number of inclusive education schools according to the number of disadvantaged children in a district and across a province.

Increased enrolment in non-formal education programs with an increased investment in village-based community lifelong learning centres.

Target: Improvements in the design of NFE vocational and rural skills training programs. Annually enrol 2% of illiterate adults and 20% of primary school dropouts in non-formal primary courses. Annually enrol 2% of illiterate adults in adult literacy programs.

2.4 Post Basic Education

37. With the introduction of the 5+4+3 school organizational structure, a steady expansion of enrolments in both lower and upper secondary schools is taking place. The strategy within the ESDF is for a gradual expansion of upper secondary school education, including enhanced provisions for secondary school vocational education and post-secondary technical education. Provisions in support of expanded Grade 6-9 schools are more urgent.

38. The Government of Lao PDR places significant emphasis on ensuring that formal education is responsive to the labor market including new and emerging economic sectors requiring new trades. Participation in technical and vocational education and training is still low compared with participation in general education with a gross enrolment rate of only 0.42 percent in vocational programs and 0.50 percent in technical programs in 2008. In 2005/2006 Lao PDR had a total of 12 Vocational Training Institutions. According to the *Master Plan [for] TVET 2008-2020*, 22 Integrated Vocational Education and Training Schools (IVET) with a capacity for around 500 students each will be established by 2015²². Accordingly, provisions for technical and vocational education and

²² The *Education for All Mid-Decade Assessment* (2005) secures MoE agreement on: (i) positioning IVET as the main national human resources development strategy, linking general education to employment; (ii) formalizing and operationalizing IVET, especially formulation for formal, non-formal and apprenticeship training programs and the use of diversified training providers, as well as standardizing trades testing and certification; and (iii) formulation of an industry

training need to be strengthened. Key government policies in support of TVET and post-basic education include:

- (i) expansion of the role of the National Vocational Council²³;
- (ii) setting new education and training standards for the vocational training and technical education syllabus including new curriculum programs meeting societal demand;
- (iii) development of degree level courses for TVET teachers in training²⁴;
- (iv) strengthening of relations between TVET colleges and private and public sector enterprises;
- (v) provision of occupational training;
- (vi) general expansion of opportunities for students to enter upper secondary schools, vocational schools/colleges and university;
- (vii) expansion of TVET colleges and opportunities for upper secondary school graduates to continue formal training through post-secondary TVET colleges; and
- (viii) installation of at least one quality integrated TVET College in each province²⁵.

39. The policy reform for higher education and teacher education is guided by the need to accelerate supply of graduate teachers in secondary schools and gradually the whole teaching service. This includes revisions to the structure and function of provincial teacher education institutions (TEI) for teacher training of Grade 12 graduates. The capacity of TEI staff requires further strengthening through more professional development opportunities. The functions and responsibilities assigned to TEIs will expand including the review and revision of the teacher education curriculum. The *Teacher Education Strategy 2006-2015 and Action Plan 2006-2010* and Teacher Professional Development guidelines and strategies provide the necessary range of interventions. The ESDF proposes that 20% of all teachers receive in-service training annually.

40. The Faculty of Education at the National University of Lao (NUoL) will take leadership in the reform process in support of high quality teacher training. As it is difficult to recruit quality teachers to remote, isolated and underserved areas, school graduates from these areas will be targeted to encourage them to enter teacher training. The provision of incentives for such students and housing subsidies for graduates willing to be appointed as teachers to underserved areas is a key policy. The ESDF acknowledges the pressing need to upgrade TEIs in preparation for university level teacher training. The ESDF contains advice on strengthening higher education. The current Government plans provide for a significant increase in the number of universities across the country. *Lao PDR will secure strong progress in higher education development and reform owing to both public and private investment including new investments by bilateral and multilateral agencies.*

cooperation program and the application of a labor market and demand-oriented IVET development concept with corresponding legal and regulatory provision (p.100).

²³ See *Master Plan TVET 2006-2020*, (draft) June 2008, p.36.

²⁴ This includes upgrading Teacher Training Schools into Teacher Training Colleges.

²⁵ This will be modelled on the Government of Germany funded *Integrated Vocational Education and Training System Project*.

Upper Secondary Education

Increased enrolment in Grades 10-12 with parity in gender enrolment and parity between students from all socio-economic groups.

Target: Gross enrolment rate of 75% by 2020²⁶. Expanded private provision of upper secondary schooling with the required new regulations and involvement of the Quality Assurance Center.

Increased enrolment in upper secondary vocational education including gender parity and parity between students from all socio-economic groups.

Target: 25% of total upper secondary enrolment in upper secondary vocational schools from 2015. 20 model upper secondary schools throughout the country by 2015.

TVET and Youth Skill Building

New education and training standards for the vocational training and technical education syllabus including new curriculum programs meeting labor market demand²⁷.

Target: Strategies and targets set out in the TVET Master Plan selected and endorsed by MoE by 2010. 40% of TVET students receive scholarships from 2010.

Increased enrolment in workplace-based programs and youth skill building training.

Target: Minimum of 50,000 students per annum from 2012 with 50% female and 20% from the poorest families.

Increased enrolment in skill building programs in IVET centres.
Increased enrolment in village-based community lifelong learning centres²⁸.

Target: 5-IVET centres nationwide by 2015 and strengthened vocational upper secondary education and provincial TVET colleges with a total enrolment of 45,000 students by 2012 with 50% female and 20% from poorest families.

Increased enrolment in TVET colleges and institutions to agreed government targets.

Target: Strategies and targets set out in the TVET Master Plan selected and endorsed by MoE by 2010. 300 new TVET graduate instructors and teachers per annum from 2012.

²⁶ The NSEDP sets a target of 40% by 2015. The ESDF's strategy for reducing repetition and dropout should enable the suggested target of 75%.

²⁷ In keeping with the EFA National Plan for Action (2005), the ESDF supports action to improve effective technical education, vocational training and rural skills training programs to disadvantaged groups. The ESDF also supports the development of a national qualifications and training framework and accreditation system to enable the skills of trained individuals to be assessed against nationally defined and accepted job-entry competencies. The proposed qualifications framework will aim to cover formal, nonformal and informal sectors.

²⁸ This strategy is consistent with the skills development program for disadvantaged groups specified in the EFA NPA. Within the action plan life skills and lifelong learning programs aim for all young people and adults to be able to gain the knowledge and develop the values, attitudes and skills that will enable them to develop their capacities to work and to participate fully in society. This part of the EFA also draws on Livelihood skills for pursuing individual and household economic goals.

Expansion of TVET colleges across provinces and opportunities for upper secondary school graduates to continue formal training through post-secondary TVET colleges.

Target: One TVET college in each province with pathways and articulation to advanced institutions.

Higher Education and Teacher Education

Increased enrolment in higher education institutions.

Target: 50% female enrolment across higher education and teacher education.
Improved university access to poorer students by means of scholarships (20% of total enrolment).
40% scholarship provision for teachers in training (TEI enrolled).
80% of university students full fee paying.
Full government support to private university development.

Improved equity in access to higher education from all 17 provinces producing qualified Grade 12 graduates.

Target: 30% of higher education enrolment comes from outside the 3 provinces currently served with universities based on agreed and affordable quotas.

Improve the quality and relevance of formal schooling by (i) strengthening the management and coordination of the delivery of teacher education, (ii) developing a comprehensive but flexible teacher training curriculum and (iii) transforming provincial teacher education institutions into award bearing Degree institutions for trainee teachers.

Target: Decrees issued over 2010 in support of strengthening teacher training and enabling teacher education institutions to offer a 12+3 degree programs from 2012 onwards with a total enrolment of around 15,000.
New teacher training curriculum developed over 2010-2012 reflecting the 5+4+3 school organizational structure.
20% of teachers receive in-service training annually.

2.5 Improved Education Sector Governance and Performance Management

41. Taking account of the advice, recommendations and strategies of the *Capacity Development Framework*, attention will be paid to strengthening education management in general and of each level of education administration from central to the school-community level. This will enable the full implementation of Government policies and education sector plans. Strategies will focus on a realignment of human and physical resources by level, category and function. With progressing service assignment to lower levels and the introduction of school block grants, the capacity of District Education Bureaus (DEB) will need to be strengthened. DEB staff will have to provide training to school principals, school committees and teachers in service. Strategies for strengthening the DEB are detailed in the *Capacity Development Framework*. They will be integrated into the implementation plans for the ESDF. The process of institutional reform and capacity development will be carefully planned and implemented according to a phased, incremental, time-bound and benchmarked program. The ESDF costing model includes a 15% increase in investments (per annum) in support of capacity development of each level of education administration.

42. Village Education Development Committees (VEDC) will support education service delivery and development at the community level. The ESDF supports local initiatives to establish VEDCs throughout the country with full community-level support to achieve inclusive education and the meet goals set by Government and MoE through the *Education for All Mid-Decade Assessment*. MoE will establish the regulatory framework for VEDCs to enable them to support enhanced school-community management. This is taken up further in Section 3 of the ESDF. Once school block grants scale up from a pilot program to full national implementation, the VEDCs as key community agencies will play a crucial role in the management of school block grants, school operational budgets and school development planning.

Strengthening Education Management and Human Resources

Revised legislation and regulations consistent with revisions to staff functions, responsibilities and mandates at the central, provincial and district levels including primary and secondary school education responsibilities for VEDCs.

Target: MoE to set parameters for the upgrading of managers and teachers by 2015. The *Capacity Development Framework* drawn on as a baseline for determining targets. Additional technical assistance provided by the ESDF in Governance and Institutional Reform over first quarter of 2009.

Realigned functions and operational guidelines for the implementation of revised responsibilities at all levels to strengthen education management²⁹.

Target: Complete organisational assessments and functional reviews of central MoE, provincial PES, DEB and VEDC and formulate guidelines for revised operations by the end of 2010. Revised expenditure and service assignment at each level of education administration with school block grants assigned under the central MoE budget.

Revised policy and regulations for delegating authority to provincial education authorities for teacher supply planning.

Target: Issue a decree outlining supply and demand guidelines and respective central, provincial, district and TEI responsibilities by the end of 2010 against agreed pupil: teacher ratio (PTR) norms.

Equitable deployment and distribution of better qualified teachers across urban, rural and remote schools.

Target: Establish a PTR-based school staffing norm with implementation planned for 2010. Revise regulations and operational guidelines for matching teacher supply and demand within teacher education institutions.

²⁹ Implementation planning for the ESDF will take account of progress in the BESDP. The BESDP has strategies in support of capacity development and institutional reform including: (i) approved regulations and revised manuals to strengthen the role and responsibilities of PES and DEB in relation to decisions to the primary and lower secondary school network; (ii) support for ensuring that national policy is executed at the local level; (iii) MoE issuing directives to PES to report their budget and actual expenditure in an outcome oriented budget format and processes, and (iv) MoE issuing regulations and revised manuals for teacher recruitment and deployment. The BESDP will also work with MoE on a directive requiring the PES to prepare provincial plans based on school mapping and aligned with a new budget format and processes.

2.6 Pro-Poor Financing

43. Of Lao PDR's 142 districts some 70 have been identified as poor. But there are also some 47 districts classified as very poor (poorest). These 47-poorest districts will be the focus of pro-poor support in the ESDF including the provision of scholarships for school children who would normally drop-out of school or never enter school in the first place. Support to the 47-poorest districts will be prioritized in the first *ESDF Annual Implementation Plan, 2009-2010*. However, as the ESDF is a national education sector plan, the situation of the poor across the country must be understood. There are strong disparities across all provinces in most education indicators. Net enrolment rate in Vientiane City and Vientiane Province is above 90 percent. The net enrolment rate in Luang Namtha, Phongsaly and Saravene are around 50 percent. This means there is insufficient access to school education in rural, remote and underserved areas especially for ethnic minority students and girls. This is due to various factors including the limited coverage of the school network which does not reach all villages. As noted, over 4,500 schools consist of only one or two classrooms and this makes access to Grade 4 and 5 difficult for students in remote, isolated and underserved areas. This means that 57 percent of primary schools and up to 70 percent of schools in the poorest districts are still incomplete which prevents students from completing primary schooling. On the demand side, school-related expenses including informal fees and contributions, the need to involve all family members in securing basic necessities and distance to school discourage enrolment or continued schooling, particularly that of girls. Linguistic diversity among ethnic groups creates another barrier to participation in education.

44. Poorer districts are also those where the proportion of incomplete schools and multiple classes is higher. Poorer districts receive fewer resources, especially in terms of qualified teachers, since any assessment of disadvantage must take into account not only the teacher per class ratio, but also the proportion of multiple grade classes which is another way of reducing the number of teachers needed. The higher the proportion of incomplete schools and multiple grade classes in the district, the lower the average promotion rate. A study focusing on poverty and school attendance produced a profile of school repeaters³⁰. It found that: (i) they are more frequently boys than girls; (ii) the age spread of repeaters in each Grade is large with a significant proportion of aged pupils; (iii) one fourth of repeaters in Grade 1 were not given homework and one fourth of those given homework did not have it corrected; (iv) about two thirds of repeaters declared being often absent from school; (v) repeater's parents combine multiple activities in most households; and (v) some 22 percent of repeaters cited household chores as a cause of absenteeism.

45. Under the ESDF, an education financing strategy and appropriate tools and instruments will be introduced addressing the needs of the poor and vulnerable parts of the population to enable them to fully participate in the education. The policy goal for education financing is that no students will be excluded from access to education and training opportunities due to inability to pay formal or informal charges or contributions. A key goal is to put in place fair and equitable financing mechanisms taking account of affordability for Government and parents. A policy priority will be to

³⁰ Claude Tibi, *Student Repetition Study Mid-Term Report*, EDP2/World Bank policy studies, 2007.

increase predictability in the resourcing of the education sector through an education sector medium-term expenditure framework including Government, development assistance, and private sector finance. Action for reducing cost barriers to the poor is also discussed in Section 3 (assuring equitable access to education services). A key strategy involves ensuring equitable access to all levels of formal schooling. 20% of secondary school students will receive a scholarship based on pro-poor selection criteria.

Reducing Cost Barriers for the Poor

Abolition of registration and instructional fees for students in early childhood playgroups, primary, lower secondary, NFE and teacher education.

Target: Issue of a decree, regulations and compliance monitoring guidelines in 2010. MoE instructions and guidance on a pilot scheme for the phased and incremental introduction of fee abolition. 47-poorest districts used as pilot districts for the abolition of fees and school registration costs.

Introduction of formulae and unit cost based non-salary school block grants to all primary and secondary schools to offset loss of school income through abolition of fees.

Target: Issue of a decree, regulations and compliance monitoring guidelines in 2010, with a nationwide information and advocacy campaign. MoE guidance on a pilot scheme for the phased and incremental introduction of fee abolition.

Inclusion of students from poorer or disadvantaged backgrounds through provision of an expanded scholarships program for primary, lower and upper secondary education.

Target: 20% of all Grade 4 and Grade 5 students receive pro-poor scholarships from 2010. 20% of all lower and upper secondary students receive pro-poor scholarships against agreed eligibility criteria from 2010.

3. Strategic Framework and Priorities: 2009-2015

3.1 Assuring Equitable Access to Education Services

46. The strategy in the ESDF for improving equitable access and quality schooling consists of action to stimulate demand for education whilst ensuring the supply of required education services including the better deployment of teachers in service. This education sector plan proposes 4-main approaches:

- reducing cost barriers for basic education with cost sharing for post-basic education services;
- reducing repetition and dropout with priority for improvement in the situation of children in Grades 1–5;
- enabling greater private sector and community participation in Grades 10-12, higher education and TVET through demand-led recurrent and investment financing; and
- education facilities development focusing on reducing the number of incomplete primary schools and expanding Grade 6–12 provision in underserved areas. This will involve a significant program of classroom expansion.

47. The Grade 1-12 school structure will be a major enterprise for the MoE and the subnational levels of education administration. Although the ESDF provides a wide range of priorities, strategies and actions, the primary focus of Government for the short-term will be preparing the nation for a new school system; one that has a robust set of curricula for all grades. As this new system must be enabling for ethnic populations and girls, a renewed focus on inclusive education will be required. Poor progression of rural girls through secondary schools is an immediate priority. Progress in reducing repetition and dropout can be secured by means of an improved teaching force which is represented by well trained women particularly at the managerial level.

48. Immediate priorities of the ESDF are to (i) prepare a plan for the expansion of primary school classrooms across the nation including isolated and hard-to-reach locations; (ii) ensure the adequate provision of teachers to these classrooms; (iii) completion of all *incomplete* schools; (iv) introduce Grade 9 in lower secondary education from 2009 and (v) establish a new Grade 1 and Grade 12 curriculum in an agreed time frame. To meet the targets of the ESDF for secondary education the re-training of suitable staff as lower secondary school teachers is another priority. This may be achieved through upgrading existing primary school teachers who can be appointed as subject specialists in lower secondary schools. Therefore, robust provisions for the training of teachers in service will need to be in place. The necessary planning work for this will be undertaken by the Department for Teacher Education of the MoE in collaboration with the responsible Teacher Education Institutions.

49. The **short to medium-term** priorities are: (i) development and introduction of suitable quality ECE facilities including nurseries, kindergartens, early childhood play-groups/play grounds and pre-schools as well as short school readiness programs for 5-year olds. Local initiatives to establish ECE facilities at the village and community-level will be encouraged and supported; (ii) elimination of primary and lower secondary school registration and instructional fees. This will be based on a phased approach accompanied by a nationwide public information campaign; (iii) community-based infrastructure projects and incentive systems to phase out incomplete schools. This entails robust action on the construction of new classrooms³¹; and (iv) reduction in direct and indirect cost barriers for poor families through appropriate actions including school feeding support and nutrition education and measures to reduce a school's reliance on parental contributions. Under the ESDF, the Ministry of Education will commence a program for piloting progressive promotion across the 5-years of primary school education. Initially this scheme will be piloted across a range of districts for Grades 1, 2 and 3 focused on complete schools. A policy study will need to be conducted in early 2009 to devise the appropriate strategy including a phased, incremental, time-bound approach.

50. The **medium to long-term** priorities are to expand even and uniform lower and upper secondary school provision as the throughput from primary schools increases. There is need to strengthen the links between upper secondary education, TVET, higher education and teacher education. Additional TVET and higher education infrastructure will be established owing to TVET expansion and private sector/bilateral investment in university growth³².

Reducing Cost Barriers for Education

Phased introduction of a block grant for community-based play groups and kindergartens including short school readiness programs before primary school entry.

Target: Introduce a scheme of block grants and operational budgets with an enrolment target of around 250,000 by 2015.
 Reach an enrolment rate of 17% for 3 and 4-year olds by 2015.
 Reach an enrolment rate of 45% for 5-year olds by 2010 and 55% by 2015.
 Reach a 30% share of enrolment in community kindergartens by 2015.
 Reach a 30 % share of enrolment in private kindergartens by 2010.
 The 47-poorest districts used as pilot districts for the introduction block grants for community-based play groups.

³¹ There is an expectation that communities/villages will play a key role in classroom renovation and/or construction. As such classrooms will be temporary in nature, preliminary planning will need to take place to ensure some level of sustainability. Communities will need to be certain that teachers have been appointed before construction takes place.

³² The EFA National Plan of Action has policy support for developing and mandating specific building and equipment standards for the construction, furnishing and equipping of TVET centers as well as minimum standards for accreditation of private training institutions and dual cooperative training places. The ESDF reflects this policy commitment.

Elimination of formal registration and instructional fees for primary and lower secondary education offset by a phased and incremental scheme of school block grants³³, school operational budgets and school development plans.

Target: Gradual abolition of school registration and instructional fees in Grades 1-5 nationwide from 2010 onwards and Grades 6-9 from 2012 onwards with a public information campaign from 2010. 47-poorest districts receive school block grants as a priority. 70 poor districts brought on stream through a phased, incremental, time-bound and benchmarked process.

Provision of pro-poor subsidies and scholarships to children from poorer families for school Grades 6-9 and targeted Grade 1-5 subsidies.

Target: Expansion of primary school feeding program to cover the 47-poorest districts by 2015. Expanded Grades 6-9 scholarships program for 20% of students from 2010 onwards beginning with the 47-poorest districts. The *National Plan of Action for the Elimination of Child Labour and Combat Trafficking in Children and Women* reinforced to ensure that all children can enter school. Policy studies on the selection of poorer families for scholarships in place by the end of 2010.

Increased level of scholarship provision for trainee teachers based on acceptance of remote posting and pro-poor scholarship allocation to other sub-sectors.

Target: All students entering teacher training on scholarships by 2010. Preparation of a road map on teacher education systems development by 2011 (based on Objectives 6.1-6.12 of the EFA NPA). Around 20% of students in upper secondary school, TVET and university awarded scholarships.

Reducing Repetition and Dropout

Increased promotion rate from Grade 1-9 and transition rate from Grade 5-6 through setting up progressive promotion with remedial classes to address student performance.

Target: EFA NPA target of a maximum 3% repetition rate of Grade 1 students by 2015. Conversion of incomplete schools to complete schools by 2015 including community construction of temporary classrooms³⁴. Expansion of primary school feeding program to cover the 47-poorest districts by 2015.

Reduced dropout and improved attendance rates across Grades 1-9 through subsidies and scholarships for the poorest students and a range of complementary targeted incentive strategies including school feeding and improved admission of disabled students.

Target: Dropout rate significantly reduced in line with EFA NPA projections. Provision of access to a primary school by underserved villages by 2015 including those from the poorest districts. Incorporate 30% of children with light disabilities into Inclusive Education schools by 2015.

³³ MoE will steadily reduce a school's reliance on parental contributions with school block grants. It is proposed in the ESDF costing schedule that each student will attract 100,000 kip (per annum) in determining each school's block grant threshold. MoE proposes to have a phased introduction of school block grants subject to Ministry of Finance medium term expenditure budget and finance plans. The approach for reducing a school's reliance on parental contributions will be based on a MoE/MoF agreed phased, incremental and time-bound model beginning with Lao PDR's 47-poorest districts.

³⁴ As there are in excess of 4,500 incomplete schools, it will be difficult to set a construction target within a 6-year period. A target has not been set in the ESDF but MoE will need to estimate requirements for reaching MDG2 with the required classrooms.

Improved regulation of age 6 entry into Grade 1 and increased ECE opportunities for 5 year olds.

Target: Expanded school feeding program for 6-year olds from 2010 onwards.
Expanded community-based nutrition programs for 5-year olds from 2011/2012.

Enabling Greater Private and Community Participation

Preparation of a cross-cutting policy and strategic plan for public-private partnerships in various education sub-sectors and programs, including Grades 10-12, higher education, TVET, ECE and community learning centers.

Target: Detailed operational strategy and action plan in place by 2011.

Restoration and expansion of the community learning centres network through support for Village Education Development Committees.

Target: Detailed operational strategy and action plan by 2011.

Targeted Education Facilities Development

Provision of new and additional classrooms with multi-grade teaching in villages and village clusters without a complete primary school with all 5 grades³⁵.

Target: 85% coverage by 2015.

Introduce basic education cycle schools of Grades 1-9 through the provision of additional classrooms in selected locations without a Grade 6-9 school facility.

Target: 85% coverage by 2015.
Additional Grade 6-9 facility based on 1 lower secondary school for every 4 primary schools.

Provision of additional classrooms and facilities for upper secondary education, IVET centres and transformation of TEIs into full degree award bearing institutions possibly co-located on one site.

Target: Completion of additional facilities by 2015.

3.2 Improved Quality and Efficiency of Education Services

51. Quality improvement and assurance is driven by a combination of supply-side strategies (availability of books and qualified teachers) and better governance focussed strategies including school and student performance monitoring. ESDF priorities emphasise improving staffing efficiency and performance to secure sufficient recurrent funds for school operations. The strategy for quality and efficiency proposes 5-entry points:

- **Curriculum Development and Instructional Materials Provision**
- **Pre and In-Service Teacher Training and Staff Development**

³⁵ During ESDF implementation, planning studies will be undertaken to define sustainable strategies for reducing the number of incomplete schools. Completing incomplete schools is most effectively achieved by means of multi-grade teaching supported by an inclusive curriculum. In some rural areas, many villages are far removed from the nearest complete schools. Children cannot walk to these schools so the most effective means for these schools to become complete is through multi-grade teaching. This approach to teaching though, requires the best teachers. A strategy for recruiting the best graduates from teacher education institutions to these schools is central to the ESDF. Incentive payments including housing is provided.

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- *Equitable Teacher Deployment and Distribution*
 - *Teacher Performance Management, Remuneration and Incentives*
 - *Improved School and Student Performance Monitoring*

52. The **immediate** priority is to ensure that the quality of the curricula for Grades 1 to 12 will be at the required international standard with well defined learning outcomes. Taking account of this agreed education standards based on student learning outcomes will need to be revised for the proposed K-12 curriculum framework. There is also an **immediate** priority to recruit and train new teachers to staff an expanded school system. As training takes 3 to 4 years, action in this area is an urgent priority if MDG2 is to be achieved by 2015. Further, as a result of adding Grade 9 to lower secondary education there will be opportunities to redeploy teachers and facilities from Grades 10-12. The aim will be to improve the impact and quality of teaching. Another priority is to ensure a one-off supply of primary and lower secondary school textbooks before textbook replacement is financed sufficiently. The target is to have at least 3 essential textbooks for each child in primary school and 4 textbooks for each secondary school student.

53. **Short-term** priorities include: (i) designation of senior teachers as school principals in incomplete schools, (ii) implementation of new measures in support of school principal selection and promotion, (iii) introduction of new regulations in support of teacher deployment encouraging new TEI graduates to be appointed to underserved schools in underserved districts, and (iv) introduction of new education standards monitoring in Grades 3, 5 and 9 including Grade 9 as a nationwide examination. It is proposed that these priorities be phased in over 2010-2015.

54. The **medium-term** priority is to improve teacher appointment and deployment processes. This will involve robust strategic planning in teacher recruitment at the provincial-level of education administration against central MoE agreed staffing and budgetary norms. Major tasks ahead include a planning process for effective teacher deployment and teacher development systems for teacher professional development and performance appraisal including a strengthened managerial capacity for school supervision. A major study in teacher recruitment and deployment will need to be undertaken by the Teacher Education and Administration Development Center taking account of TESAP strategies and recommendations.

55. The medium to **long-term** priorities are to consolidate and extend priorities implemented over 2010-2011 until 2015. This includes (a) nationwide introduction of a staff performance appraisal system, (b) agreement between MoE and the provinces on education officer/teacher promotion systems, (c) nationwide school performance monitoring systems and (d) expanded in-service teacher development programs through the TEIs and the NUoL Faculty of Education. This involves giving priority a capacity development strategy for performance management and information systems development. The central MoE will be required to assist in the formulation of decrees, regulations and performance measures to ensure that these priorities can be actioned within a reasonable period of time. It is proposed that during the time frame of this ESDF a continuous

development and improvement process plan will be in place for the Grade 1-12 curriculum and textbooks with allied teacher training requirements³⁶.

56. The K-12 curriculum framework will be revised, developed and confirmed over 2009-2015. The curriculum framework will define agreed education standards by subject and year level. A new teacher education curriculum based on Grade 12 entry will be required in the medium-term. To ensure a continuous improvement of the quality of teaching, the MoE will support the implementation of national certification and accreditation standards, procedures and systems that will be in line with internationally recognized standards and actions within the *Teacher Education Strategy 2006-2015 and Action Plan 2006-2010*. TEIs will be re-registered and re-accredited. Under the ESDF the first TEIs will be upgraded to university faculty level by 2015. The development and implementation of the teacher certification and accreditation system will be guided by the standards and procedures of the Asia Pacific Accreditation and Certification Commission.

Curriculum Reform and Instructional Materials Provision

Introduce a curriculum policy and strategy with increased instructional hours and equitable access to essential textbooks.

Target: Improved Grade 1-9 curriculum framework finalized from 2015, with 3 textbooks for each child in Grades 1-5 and 4 textbooks for each student in Grades 6-9. Improved Grade 1-9 curriculum framework based on an inclusive curriculum with 20% of content set aside for local context curriculum.

Provide equitable access to textbooks and selected complementary instructional materials for Grades 1-9 through one-off central procurement and replacement costs in block grant schemes.

Target: One textbook per student per subject for Grades 1-9 by 2015. Nationwide procurement process commencing in 2010 with replacement costs included in school block grants from 2010. The introduction of school block grants will proceed according to a phased, incremental, time bound and performance based approach. K-12 curriculum framework finalized by 2012 with emphasis on a revised and strengthened Grade 1, Grade 11 and Grade 12 curriculum.

³⁶ It is proposed that the roadmap for teacher education reform and development be based on objectives and strategies detailed in the *Education for All National Plan of Action 2003-2015*, MOE 2005, pp.55-63 and the *Teacher Education Strategy 2006-2015 and Action Plan 2006-2010*. This should act as a guide for the proposed study.

Pre and In-Service Teacher Training and Staff Development

Rationalization of the intake for provincial TEIs and Faculty of Education, NUoL to maximize the use of teacher training facilities, staff and other resources to ensure primary, lower secondary and upper secondary teacher demand needs are met.

Target: Action plan by 2010; capacity building plans by 2011; phased and progressive implementation plans from 2012.

Demand-led approach to teacher recruitment and re-deployment ensuring adequate teacher supply to underserved districts by 2012.

Develop a comprehensive but flexible teacher training curriculum by 2012 and/or revise the present pre-service training curricula used in TEIs with close attention to the requirements of women and ethnic groups by 2015.

Prepare a National Teacher Education Plan by 2011.

Increase deployment of newly qualified TEI and NUoL graduates to under-served areas with increased recruitment of TEI intake from under-served areas.

Target: Demand driven appointment with the majority of new TEI graduates posted to under-served and remote areas with gender and ethnic population parity.

Equitable Teacher Deployment and Distribution

Introduce new staffing norms for schools, based on a pupil: teacher ratio formula with a staff salary budget planning based on this formula.

Target: Issue a decree for a teacher quota system and budgeting based on a PTR of 34 for primary, 30 for lower secondary, 25 for upper secondary, 20 for TVET and higher education in 2010 with targets reached by 2015.

Introduce new guidelines for remote and under-served area teacher deployment with increased school posting allowances for remote and disadvantaged schools.

Target: Teachers with an ethnic language given priority for fill remote school vacancies in place by 2010.

Graduates with an ethnic language given priority for quota places in teacher training (immediate priority).

Introduce new conditionalities related to remote and difficult postings including 100% housing allowances and newly posted teachers receiving a payment in advance of taking up their post. Regular home visits are included as part of an incentive program.

Target: New guidelines developed, appraised and issued for implementation by 2010/11.

Criteria developed with an emphasis on the deployment of female teachers and teachers with ethnic language by 2010/2011.

Newly certified teachers enabled to make direct application to remote area schools with vacancies subject to compulsory probation by 2011.

Identify specific school postings for trainee teachers at the beginning of training linked to a signed agreement to take up the post within the identified school.

Target: Introduce new recruitment guidelines in TEIs from 2011.

Newly certified female and teachers with an ethnic language posted to schools with vacancies from 2011 with expanded appointments from 2012.

TEI graduates from remote villages given preference for scholarships and remote setting appointment with incentive allowances.

Expansion maintained until there is sufficient teachers in remote and ethnic group schools.

Introduce new guidelines for ensuring the more effective deployment and use of teachers including expanded multi-grade teaching, teachers trained in 2 or 3 subjects, and working across more than one school.

Target: New guidelines introduced in schools and TEIs over 2010-2012 including guidelines on minimum teaching hours.
Department of Teacher Training becomes responsible for the general management and coordination of teacher training (immediate priority).
Department of Teacher Training responsible for the preparation of operational and strategic plans (immediate priority).

Teacher Performance, Remuneration and Incentives

Introduce accelerated promotion for school head teachers based on leadership programs, planned performance appraisal, induction programs and new head-teacher allowances³⁷.

Target: Prepare criteria and scheme over 2010. Implementation from 2011.
Review and revise criteria and the scheme in 2013.
Impact evaluation studies conducted over 2014.
School head teachers appointed to remote schools provided with additional incentive allowances.

Introduce a 3-year probationary head teacher program in incomplete schools with the incentive of confirmation in head teacher position if school offers Grades 1-5 after 3 years.

Target: Confirm temporary head teacher positions in incomplete schools from 2010; provide head-teacher allowances alongside annual performance review and effectiveness in handling school block grants over 2011-2015 using a phased, incremental modality.

Improved School and Student Performance Monitoring

Define minimum standards of student achievement for Grades 3, 5 and 9 and assure a shared understanding of minimum standards amongst teachers, parents and other stakeholders.

Target: Defined learning outcomes introduced from 2011 with sample surveys over 2011-2012.
Nationwide information program.
School and community agreements and standard report cards in place by 2012.

Develop new institutional arrangements for nationwide student performance monitoring requirements to improve learning outcomes and employment opportunities.

Target: An action plan for the Centre for Quality Assurance and steps to monitor Grades 3, 5, 9 and 12 standards from 2010.

³⁷ Upgrading teacher training qualifications to university degree level will need to involve development of units of competency in School Management and Whole School Planning. Accelerated promotion implies government commitment to self-governing schools and centrally approved school development plans.

Improved efficiency in school performance monitoring planning and management through redefined role of inspection services at the central, provincial and district levels and introduction of performance measures for all education staff at all levels.

Target: Revised staff planning and agreed education officer responsibility by end 2011.
Primary school and lower secondary school heads trained in school management based on a phased, incremental, time bound plan commencing 2010/2011.
15,000 teachers and 2,500 school heads trained to develop school-community plans and whole school development plans by 2015.
20% of all education staff receive professional development training every year from 2010.
Introduction of performance appraisal across the national education system

3.3 Improved Education Sector Governance and Performance Management

57. The ESDF strategy for sector governance and performance management focuses on a combination of strengthening institutional arrangements including revised regulations and reorganisation of core central, provincial and district organisation/management functions as well as revised governance arrangements. This section sets out strategies and targets that will contribute to the strengthening of education management at the central, provincial, district and school-community levels. The Ministry of Education as a line ministry is a very large government agency managing a significant share of the government's budget. It is the government's biggest civilian employer. Effective sector governance is a major challenge for the Ministry as the national education system expands. Revised approaches to education administration include an increasingly important role of local community based institutions such as the Village Education Development Committees.

58. Taking account of the *Capacity Development Framework* and specific action therein for each level of education administration, education officers will be trained to undertake the significant volume of work needed to improve education service delivery. Although the national education system in terms of a hierarchy is based on the central, provincial, district and school taxonomy, teachers who constitute the majority of education staff have considerable autonomy in their classrooms. This section of the ESDF aims to strengthen education service delivery and have in place initial measures for sector performance. Bearing in mind the need for this framework to blend into the recommendations and strategies of the *Capacity Development Framework*, the ESDF has an institutional reform and capacity development policy based on strengthened education management at the central, provincial, district, community (village) and school levels for improved education service delivery. Decrees, regulations and rules will be reviewed and revised to support the implementation of the ESDF in line with the *Education Law of 2007*.

59. With the assistance of the *Capacity Development Framework*, the strategy includes strengthening central Ministry of Education strategic management through well-planned and defined capacity development. Aligned to this is a strategy for improving the provincial and district-levels of education management in line with national policies. With the introduction of school block grants revised budget formats and procedures will be required which will eventually involve an enhanced role for VEDCs. The ESDF (Section 4) contains a strategy for the long-term sustainability

of funding for the national education system as a strategy for the more equitable and efficient use of scarce education resources. The capacity development strategy proposes integration of 3-main themes: (i) strengthening central and provincial planning and monitoring systems; (ii) enhanced district and school management systems; and (iii) strengthening human resource management systems

60. An **immediate** priority is to define and explain the necessary revisions to functions and responsibilities at the central, provincial and district levels of education administration in the areas of expenditure assignment and personnel management. The **short to medium-term** priority is to strengthen school management and governance across all levels of education administration. Management capacity development for whole school planning and school budgeting and accounting is necessary to accommodate new arrangements in financial management. A related priority is to strengthen district-level implementation planning and management capacity for technical tasks such as school infrastructure, school mapping and accounting. At the provincial level, the priority is to strengthen personnel planning and management including the teacher supply, demand and deployment process. District and school performance monitoring systems will need to be developed. At the central level, the priority is to strengthen ESDF planning coordination, human resource monitoring and sector performance monitoring systems, against agreed indicators. The **medium to long-term** priority will be to put in place capacity that enables delegation of increased authority to schools and colleges and District Education Bureaus for the implementation of ESDF reforms. This will include action resulting in schools being responsible for self-management (self-governing schools)³⁸. This will be essential as the number of secondary schools and post-secondary institutions increase at the district level. A related priority will be to strengthen school/institutional governance capacity for financial management decision-making. Collectively, the priorities and actions include:

- strengthen central MoE strategic management through measures proposed in the *Capacity Development Framework*;
- improve information flows between MoE, the provinces, VEDCs and civil society;
- strengthen and coordinate education information systems with better flows between the provinces and districts;
- encourage private sector participation in the provision of school education;
- develop quality assurance structures and systems necessary to support regular internal and external monitoring and evaluation;
- develop human resource capacity to manage education reform;

³⁸ The ESDF recognizes that introduction of school block grants will need to be accompanied by school improvement plans, a process leading towards whole school plans, school audits and eventually the concept of self-governing schools by means of well functioning and accountable school boards/committees. The process for introducing school block grants will be the focus of a key annexure in the first ESDF Annual Implementation Plan 2009/2010. School management training for instance, will need to be inserted to pre-service teacher training and will need to be a key contribution to school head selection. Progress towards self-governing schools will need robust support from Village Education Development Committees.

- improve provincial and district level management in line with national policies with revised budgeting procedures including the use of school block grants;
- improved decision-making at each level of education administration (district in particular); and
- long-term sustainability of education funding including a decreased reliance on parental contributions.

Strengthening Central and Provincial Planning and Monitoring Systems

Strengthened coordination systems within central MoE departments and PES for operational planning in support of ESDF implementation.

Target: Set up a central MoE ESDF coordination task force in late 2009 with the preparation of ESDF operational plans by relevant departments by early 2010. Set up provincial ESDF coordination taskforces based on existing provincial EFA planning mechanisms by 2010.

Strengthened central and provincial technical, personnel and financial management information systems against agreed performance indicators.

Target: Action plan formulated by relevant departments (EMIS Centre, Centre for the Promotion of Women, Ethnic Groups and the Disabled Education) over 2010-2012 with implementation from 2013 onwards. Establish a new education management training institute from 2011/2012 mandated to deliver staff development training and programs

Enhanced District and School Management Systems

Strengthened district and school program management systems through additional capacity building for budget management units and schools.

Target: Revised action plan and guidelines prepared by early 2010.

Strengthened district-level personnel planning and management systems against agreed staffing norms.

Target: Each district prepares annual staffing supply and demand plans from 2010.

Strengthened higher education, TVET and teacher training institutions' technical and financial management systems.

Target: Preparation of a plan and guidelines for post-secondary institutions from the end of 2010.

Strengthening Human Resource Management

Revised regulations setting out the authority and responsibilities of the provincial education service in managing teacher supply and demand planning.

Target: A PES capacity development action plan formulated taking account of provincial capacity building actions detailed in the *Capacity Development Framework*.

Review of teacher pay and allowances system to create more incentives for assuming responsibility and career progression.

Target: Joint MoE/PACSA/MoF review with recommendations in 2010.

4. Improved Financing Strategy, Planning and Management

4.1 Implementing Pro-Poor Education Financing Strategies

61. The long-term development goal of Lao PDR is to exit the status of a least developed country by 2020. The development of the education sector is a part of the country's overall development strategy. To achieve the priorities, strategies and actions for the education sector outlined in this education sector plan, adequate resources will be needed. A key objective of this section of the ESDF is to outline the financing strategy in support of the development of the education sector including financial planning and other aspects of financial management. The financial plan in the ESDF will guide the annual budget preparation.

62. In the Vientiane Declaration, the Government of Lao PDR and development partners took action to make development assistance more effective and to assist the country in achieving the MDGs by 2015. This section as well as the financial plan attached to the ESDF will enable the Government and development partners to identify financing gaps where development assistance could be used efficiently for implementing Government policy in support of adequate funding for the sector. Development partner confidence in the ESDF and a proposed Medium Term Expenditure Framework for the sector will assist in making joint decisions about funding. An ESDF priority to strengthen national-subnational accord will increase development partner investment confidence. An enhanced teacher supply/demand plan and deployment process will also increase confidence as it will ensure more equitable access to quality schooling.

63. The Government recognizes that financial arrangements and mechanisms introduced in support of decentralization will need to be reviewed and revised to reduce decentralized resource disparities across provinces. Currently, there are plans in place to return some education functions from the provinces to the central Ministry. This will ensure that progress in expenditure assignment is achieved in all provinces by 2015³⁹. The introduction of school block grants is based on increasing resource efficiency where funds are distributed equitably to schools and education institutions based on agreed funding formulas. The development of whole school plans, strengthening the role and capacity of Village Education Development Committees and a process in support of self-governing schools is central to the ESDF education sector plan. The ESDF financing approach for enabling policy implementation consists of:

- **Equitable investment** in public/private financing partnerships including regulated cost sharing for post-basic education and ensuring the abolition of fees for basic education.

³⁹ The Poverty Reduction Strategy Operation has action in support of school block grants and the strengthening of expenditure assignment from the central to the provincial level of education administration. As the ESDF moves forwards to full implementation, education planning will need to take account of PRSO planned output so that ESDF planning can be aligned with PRSO outcomes. As the *Capacity Development Framework* will detail functional review outcomes for each level of education administration, capacity development strategies in support of decentralized education service delivery will need to be factored into ESDF implementation plans.

- Supporting *equitable access policies* by reducing cost barriers through provision of school block grants and operational and expanded secondary and post-secondary scholarships for poorer students.
- Supporting *quality assurance policies* by securing sustainable financing of key quality inputs (textbooks and better qualified teachers) and school block grants tied into whole of school development plans and school performance measures.
- Improved *education service efficiency* through education staff/teacher supply and demand planning and budgeting against well regulated staffing norms.
- Support of *community participation in financial governance* through transparent publication of school/post-secondary institution cost norms, an enhanced role for Village Education Development Committees and regulations for school-community involvement in financial decision-making.
- Increased *financial transparency and accountability* through measures that disseminate and account for public, parental and school-community expenditures. This strategy will require robust monitoring capacity by DEB education officers.
- Improved alignment of *central/provincial/district budgets with national policy* through clearly defined budget and expenditure assignment.
- Improved *aid effectiveness* through use of ESDF policy and strategic priorities as a basis for determining external development assistance.

64. The ESDF emphasises an equitable representation of all social groups including poorer households across all levels of the national education system. To achieve this, the first ESDF implementation plan will be underpinned by pro-poor education financing strategies. Currently, poorer families are under-represented due to a combination of (i) direct and indirect cost barriers including school registration and instructional fees, (ii) geographical and organizational constraints such as incomplete schools that will require additional investments for upgrading to complete schools and (iii) comparative under-investment in basic education services including early childhood education, formal and non-formal primary education. The financing framework of the ESDF 2009-2015 is based on a detailed analysis of unit costs consistent with the revised government budget law and projections of total recurrent and development costs. These unit cost projections are based on work undertaken by the Ministry of Education on optimal levels of funding required to achieve 9-years of high-quality basic education and post-basic education services. The following table provides an overview of actual and planned expenditures for the education sector until 2015.

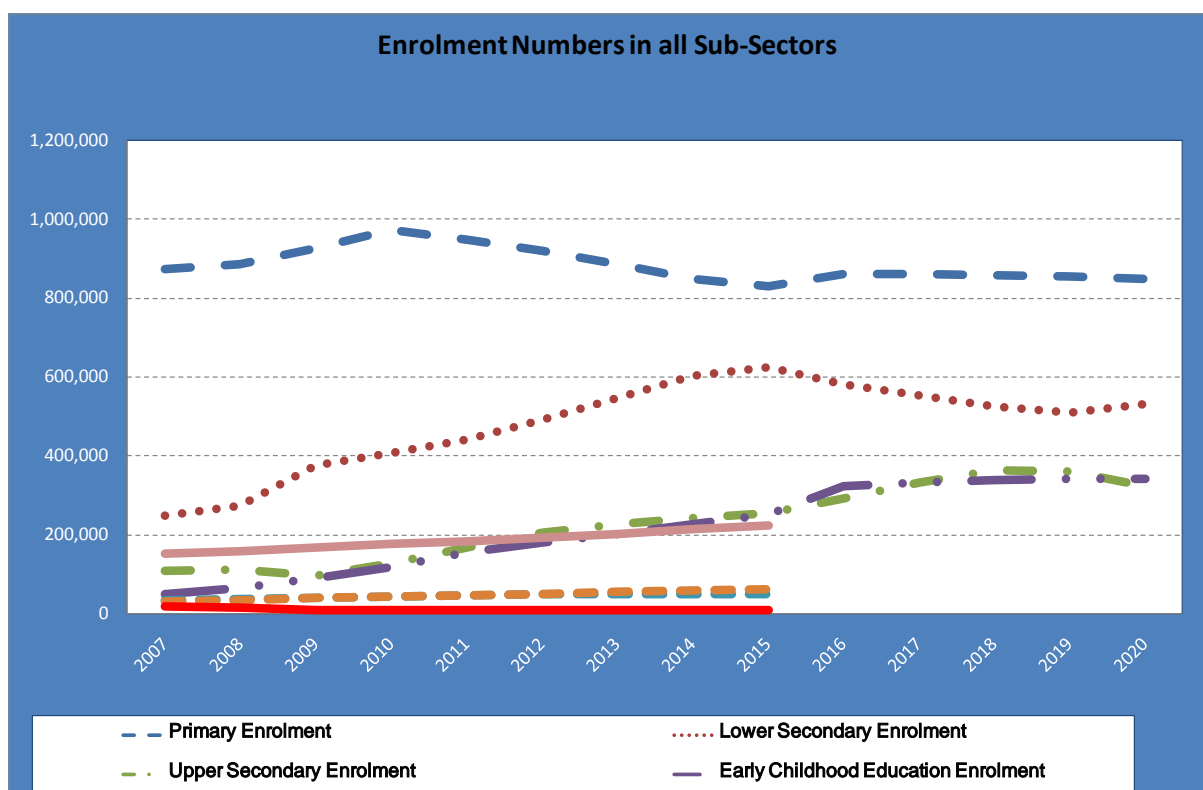
Table 2: Medium-Term ESDF Government Financing Plan 2007-2015

(Kip Millions, Fixed Prices)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total Recurrent and Investment Funding									
<i>Recurrent</i>	726,812	853,210	1,102,927	1,284,530	1,351,807	1,428,867	1,488,449	1,541,230	1,596,068
<i>Investment</i>	522,936	114,450	575,978	627,334	667,674	588,894	550,007	781,294	1,081,740
Recurrent %	58.2%	88.2%	65.7%	67.2%	66.9%	70.8%	73.0%	66.4%	59.6%
Investment %	41.8%	11.8%	34.3%	32.8%	33.1%	29.2%	27.0%	33.6%	40.4%
Grand Total Government Expend	1,249,748	967,660	1,678,906	1,911,863	2,019,480	2,017,761	2,038,457	2,322,524	2,677,808

65. The projected Government financing requirements include external assistance. The financing strategy and plan is pro-poor. Primary and lower secondary school registration and instructional fees, a significant access barrier for poorer families, will be phased out and this will need to be reflected in all provincial education plans including Master Plans for education development. The phased introduction of block grants for nationwide community-based early childhood education

and basic education is proposed to off-set the abolition of fees. Other direct cost barriers for poorer families will be addressed through expanded school feeding programs at primary schools and expanded scholarships programs at lower and upper secondary school. Scholarships programs will be targeted at around 20% of projected enrolment including Grade 4 and 5 enrolment. Introduction of vacation time remedial classes to ensure quality in implementation of the progressive promotion strategy will require additional allocation of salary incentives to teachers. 98% grade promotion and transition from 2011/12 onwards is aimed at. It is appreciated that there will be impediments to securing this target. Proposed teacher salary increases, around 10% per annum will be linked to the *capacity development framework*. As teachers are public servants, strategies for securing this salary outcome will need to be worked upon between MoE and PACSA.

Chart 1: ESDF Primary and Secondary Enrolment Projections (including 5+4+3 from 2009/10 onwards)



66. Government recurrent spending on basic education will be gradually increase until 2015. This will have an impact on early childhood education enrolment and primary and lower secondary enrolment consistent with meeting MDG and EFA goals and targets by 2015. This is mirrored by increased investment expenditure for the achievement of EFA targets. Investment will be targeted to both infrastructure and school and district level capacity development aligned to the recommendations of the *Capacity Development Framework*.

67. Another priority in the ESDF financing strategy is the high status accorded to inclusive education and expanded non-formal education provision. Funding will be targeted to priority actions for improved access to basic education for girls, children with special needs and children living in remote areas. Further investment will be required to enable the expansion in access to adult

literacy, equivalency and re-entry programs for school drop-outs and unemployed youth in both urban and rural areas. A large proportion of expenditure is required to meet the priority of additional school infrastructure for incomplete primary school classrooms and lower and upper secondary classrooms including expanded secondary vocational education in the poorer and most underserved districts. Key strategies include at least one quality TVET college for each province. Provincial teacher education institutes will be upgraded to award bearing facilities by 2015.

Table 3: Overall and Government Recurrent Share of Expenditure 2007-2015

<i>Recurrent Shares</i>	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Early Childhood	6.8%	6.6%	7.0%	7.8%	8.9%	9.1%	9.4%	9.8%	10.0%
Primary	36.8%	35.2%	33.2%	33.0%	30.5%	28.2%	26.4%	24.7%	23.6%
Lower Secondary	11.2%	11.9%	14.8%	15.9%	16.4%	17.3%	18.6%	19.9%	19.9%
Upper Secondary	7.7%	7.6%	6.8%	7.1%	7.4%	8.4%	8.7%	8.8%	9.8%
Technical and Vocational	8.2%	8.7%	11.6%	11.0%	11.2%	11.3%	10.7%	10.2%	9.7%
Teacher Training	4.5%	3.2%	2.0%	1.6%	1.6%	1.5%	1.5%	1.4%	1.4%
Higher Education	7.9%	9.7%	8.5%	7.7%	8.0%	8.2%	8.5%	8.8%	9.0%
Non Formal Education	3.1%	3.2%	3.1%	3.1%	3.1%	3.1%	3.2%	3.3%	3.4%
Inclusive Education	8.1%	7.1%	5.8%	5.2%	4.9%	4.6%	4.4%	4.3%	4.1%
Total admin	5.8%	6.8%	7.2%	7.7%	8.0%	8.2%	8.6%	8.9%	9.2%
Admin Centre	0.6%	0.7%	0.7%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
Admin Provinces/Districts	5.2%	6.1%	6.5%	6.9%	7.2%	7.4%	7.7%	8.0%	8.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

68. Government policy encourages the expansion of public/private partnerships in financing the education sector. The Government's role will be to secure appropriate regulatory and infrastructure requirements and ensure equitable admission through scholarships. The financing strategy will enable enhancement of higher education quality and standards. It supports measures to ensure post-basic education graduates are better aligned to labor market demand.

4.2 Projected Total Financing Needs and Available Resources

69. The projected shortfall in education sector financing over the period 2009-2015 is shown in *Table 4* below. These projections are based on a set of macro-economic assumptions about GDP growth, share of GDP allocated for public expenditure and the share of public expenditure allocated for education. External assistance is reflected in the GDP and public expenditure projections.

Table 4: ESDF Financing and Potential Shortfall, 2007-2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Target Education Expenditure (Kip mil)	590,786	733,520	949,478	1,184,223	1,384,847	1,605,832	1,848,874	2,115,799	2,408,566
Budget Gap (Kip Millions)	658,962	234,140	729,428	701,707	626,018	403,342	181,025	198,196	260,742
Budget Gap (USD Millions)	75	27	84	81	73	47	21	23	31
Accumulated Budget gap (Kip Millions)	658,962	893,102	1,622,530	2,324,237	2,950,255	3,353,597	3,534,622	3,732,818	3,993,560
Accumulated Budget gap (USD Million)	75	102	186	268	340	387	408	432	462

Source: Ministry of Education in Consultation with Ministry of Finance

70. Based on these assumptions it is projected that shortfalls in education sector financing covering recurrent and investment will peak over 2009-2011 but declining in subsequent years (see **Table 4**). These projections are assumed to take account of a variations in external assistance for education which has fallen sharply (from one major donor), has slowed significantly by a major multilateral development bank, and is due to escalate steeply by another donor. These variations will need to be taken into account by ESDF annual implementation plans. Quarterly review of donor investment by MoE will be central to ongoing education sector planning. A number of potential risks for ESDF financing need to be recognised. Firstly, Government financing of education may not be sustainable. A second risk is that the proposed recurrent cost burden on parents as a result of increased post-basic education cost sharing will be challenging if household income growth begins to slow. A third risk is that external assistance volumes, currently rising, may not be sufficient to help cover ESDF financing needs including the projected financing gap.

71. These risks will be mitigated in a number of ways. ESDF recurrent financing projections are used as the basis for an agreed education sector medium-term education framework (MTEF) which sets out predictable and secure levels of Government spending on recurrent and investment needs in the sector. On the recurrent side, an education sector MTEF within a hard budget constraint could form the basis for negotiations with development partners on measures and modalities for covering transitional recurrent financing shortfalls possibly through (i) expansion of general budget support as a result of PRSO action and agreements, (ii) sector budget support such as the ADB funded BESDP and (iii) targeted recurrent budget interventions including scholarships for the poor, in-service teacher training, and one-off nationwide textbook provision. On the investment side, these potential shortfall risks which are likely to be very challenging given that limited domestic investment could be mitigated by a shift in external assistance towards infrastructure provision. Once a comprehensive infrastructure development plan is mapped and costed, it could form the basis for a harmonized approach including pooled funding for a community-based infrastructure program, one that builds on a comprehensive set of lessons learned from previous and ongoing school infrastructure initiatives.

72. A further risk, recognized in the joint MoE/development partner initiative to formulate a sector capacity development framework, is that support for capacity improvement and system development continues to be fragmented. The priorities set out in the ESDF constitute a comprehensive framework for formulating a phased, aligned and harmonized approach. As part of

aid effectiveness there may be scope for harmonized approaches to funding through demand side capacity development grants at the central, provincial and district levels.

4.3 Improved Financial and Budget Planning and Management Systems

73. The ESDF capacity building strategy accords high priority to strengthening financial and budget planning systems at all levels of the system, consisting of:

- strengthening collaboration between the Ministry of Education, Ministry of Finance and Ministry of Planning and Investment and provincial authorities on formulating an education sector medium-term expenditure framework based on defined ESDF priorities;
- formulation of regulations and operational guidelines for the design, management and implementation of proposed ECE and school block grants alongside a focus on capacity building at central MoE, district and school levels for accounting and reporting;
- implementation of revised guidelines for the current block grant mechanisms for TVET, TEI and higher education institutions taking account of the need for a better defined sets of performance results and proposed revisions to cost sharing; and
- defining central MoE and provincial authority capacity to set and monitor agreed norms for provincial, district and school staffing levels and an associated salaries budget with increased delegated authority to provincial authorities to manage salaries budgets.

74. A priority is to better align performance results, budget and expenditure assignment and accountabilities at different levels of the national education system. Expenditure assignments are allocated as set out in the table below:

Table 5: Budget/Expenditure Assignment by Level

Expenditure Level	Assignment
Central MoE	<ul style="list-style-type: none"> ■ ECE, primary, lower secondary and upper secondary school operational block grants ■ TVET, TEI and higher education operational block grants ■ Lower and upper secondary scholarships program ■ Central MoE salaries and operational budgets ■ All external assistance program and project support, apart from basic education infrastructure
PES	<ul style="list-style-type: none"> ■ Teachers salary budget at various levels, against revised norms ■ PES and DEB salaries and operational budgets, against revised norms
DEB	<ul style="list-style-type: none"> ■ ECE, primary and lower secondary infrastructure development

5 Strengthening Sector Performance Monitoring and Review Systems

5.1 Operational Strategies for Improved Results in Sector Monitoring

75. The following delineation of responsibilities for more results oriented sector performance monitoring is proposed⁴⁰:

- **Central MoE** will be responsible for coordination of sector performance review processes, reporting to high-level stakeholders (National Parliament, Ministry of Finance, Ministry of Planning and Investment, PACSA) and follow up strategic review and negotiation processes including external stakeholders.
- The **Provincial Education Service** will manage technical aspects of sector performance monitoring drawing on impact and progress reports of the various programs, reports on specific Government/donor/NGO programs, and other sources of information. The PES will also conduct impact surveys and operational research commissioned by MoE and Provincial Governors.
- The **Provincial Education Service** in cooperation with DEBs will be responsible for coordinating a provincial sector performance report and provincial financial performance report as part of an annual joint provincial sector performance review process. This office will be responsible for coordinating sector and program progress and impact monitoring reports. These provincial reports will be incorporated into the national sector performance reports coordinated by MoE.
- The **National and Provincial Audit Offices** with **MoE, PES** and **DEB** cooperation will coordinate financial performance monitoring including tracking the release and disbursement of program funds. The audit offices will conduct follow up surveys to ensure that Government financial procedures are followed correctly including an annual work program of program performance audit and financial audits of specific programs and budget management centres.
- **Central MoE Departments** with **PES** participation will coordinate sub-sectoral performance assessment and review processes. They will coordinate agreed program progress and impact monitoring processes by Departments. These Departments will be responsible for coordinating performance monitoring reports. They will conduct regular review missions with senior management staff to provinces and districts.

⁴⁰ The BESDP aims to support policy actions contributing to increased resource mobilization to the education sector including rationalizing budgetary allocations for education and the design and implementation of an outcome-oriented budgeting and financial management system. These measures will require robust monitoring systems so the ESDF, BESDP and PRSO will need to be closely aligned in terms of effective sector monitoring.

5.2 Realignment of Performance Monitoring Systems

76. The ESDF monitoring process will focus on information and knowledge management related to the implementation of agreed performance targets based on access, quality, standards and sector governance and accountability. The ESDF formulation process recognizes that a limitation of previous strategic plans and performance monitoring processes has been insufficient trend analysis and follow-up strategic and program adjustment. A policy monitoring matrix is shown below in support of sector analysis.

Table 6: ESDF Policy Monitoring Matrix, 2009-2015

Dimensions	Key Indicators
Equity and Expansion of Access	National, provincial and district enrolment trends Gender and urban/rural enrolment balance Representation of students from poorest families Basic education student progression and transition rates Net intake of age 6 in primary Grade 1 Upper secondary, TVET and higher education enrolment patterns In-service teacher training enrolment and redeployment
Quality, Relevance and Efficiency	Student standards in selected primary and secondary grades Availability of instructional materials and sufficiently trained teachers Pupil Teacher Ratios and Non Teaching Staff Share Pupil Classroom Ratios Number of students re-entering basic education grades Coverage of science, technology and ICT facilities
Governance, Accountability and Performance Management	Education budget volume and share Basic education spending share Coverage of internal audit system Salary and non-salary allocations and spending ratios Teaching and non-teaching staff deployment rates Effectiveness of school/institutional governing bodies Actions from joint performance review processes at all levels

77. A lesson learned from previous performance assessments is that limited capacity for performance information management and transfer restricts the timeliness and effectiveness of sector performance reporting, especially for financial performance. Therefore, a priority will be to strengthen ICT-based information systems especially at the district level. The ESDF provides an opportunity for Government and MoE to lead transparent sector performance monitoring and reporting through a joint annual review process. The MoE considers that the objective of the ESDF review process will be to learn lessons for policy and strategy adjustments and provide a forum for forward work planning with development partners, NGOs and other stakeholders. The ESDF monitoring process will facilitate an iterative approach within a flexible rolling program of reform.

78. MoE accords high value to other opportunities for monitoring and consultation with stakeholders. In addition to the annual sector review exercise, MoE is committed to strengthening consultative mechanisms with stakeholders including: (i) monthly consultations with development partners to provide progress and monitoring reports on key issues and agree on necessary actions and (ii) strengthening coordination arrangements with high-level Government and donor groups through progress reports and meetings with the ESWG.

Annex 1: ESDF Policy Matrix

Annex 2: Financing Plan

Table A: Projections for Enrolment, Teachers and Classrooms

Enrolment									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Early Childhood	49,770	63,921	87,112	110,541	137,619	152,210	165,093	176,190	185,004
Primary	873,759	886,637	926,063	972,993	949,131	922,057	886,654	848,597	831,471
Lower Secondary	248,920	272,263	374,471	406,433	439,826	489,853	545,611	599,797	622,953
Non-Formal Education	151,306	158,872	166,815	175,156	183,914	193,109	202,765	212,903	223,548
Basic Education (Inc. NFE)	1,323,755	1,381,693	1,554,461	1,665,123	1,710,489	1,757,229	1,800,123	1,837,487	1,862,976
Upper Secondary	108,169	112,256	95,463	125,823	167,435	204,620	226,844	240,177	254,153
Technical & Vocational	31,680	35,344	39,008	42,672	46,336	50,000	50,000	50,000	50,000
Higher Education	30,992	34,618	38,244	41,870	45,496	49,122	52,748	56,374	60,000
Teacher Training	17,481	12,548	15,002	14,395	15,251	15,431	15,632	15,779	16,009
In Service	0	0	5,906	6,271	6,452	6,748	6,950	7,097	7,326
Pre Service	17,481	12,548	9,096	8,124	8,799	8,683	8,683	8,683	8,683
Post Basic	188,322	194,766	187,716	224,760	274,518	319,173	345,224	362,330	380,162
All Enrolments	1,512,077	1,576,458	1,742,177	1,889,883	1,985,006	2,076,402	2,145,347	2,199,816	2,243,138
Projected Teaching Posts									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary	28,389	28,435	29,321	30,419	29,304	28,119	26,711	25,258	24,455
Increment		46	886	1,098	-1,115	-1,186	-1,408	-1,453	-803
PTR (Pupil Teacher Ratio)	30.8	31.2	31.6	32.0	32.4	32.8	33.2	33.6	34.0
Lower Secondary	10,584	11,486	15,676	16,883	18,130	20,039	22,153	24,171	24,918
Increment		902	4,189	1,207	1,248	1,909	2,113	2,018	747
PTR	23.5	23.7	23.9	24.1	24.3	24.4	24.6	24.8	25.0
Senior Secondary/TVET	8,788	8,940	9,080	9,210	9,331	10,584	10,993	11,055	12,666
Increment		152	140	130	121	1,253	409	62	1,611
PTR	15.9	16.5	14.8	18.3	22.9	24.1	25.2	26.2	24.0
Number of Classrooms Required									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary	28,904	29,480	29,502	29,525	29,547	29,570	29,592	29,615	29,637
Increment		576	22	22	22	22	22	22	22
PCIR (Pupil Classroom Ratio)	30	30	31	33	32	31	30	29	28
Lower Secondary	5,522	5,657	6,649	7,782	9,057	10,474	12,032	13,732	15,574
Increment		135	992	1,133	1,275	1,417	1,558	1,700	1,842
PCIR	45	48	56	52	49	47	45	44	40
Senior Secondary/TVET	4,787	4,808	5,155	5,551	5,997	6,493	7,038	7,633	8,277
Increment		21	347	396	446	496	545	595	644
PCIR	29	31	26	30	36	39	39	38	37

Table B: Total Education Sector Government Financing Plan

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Recurrent Expenditure	610,137	775,776	1,016,224	1,195,149	1,260,384	1,336,949	1,399,413	1,455,498	1,513,672
Education Management	51,138	70,200	90,746	109,785	121,753	134,157	147,015	160,347	174,172
Centre	5,114	7,020	9,075	10,978	12,175	13,416	14,702	16,035	17,417
Provinces/Districts	46,024	63,180	81,672	98,806	109,578	120,741	132,314	144,312	156,755
Broad sub-sectors	558,998	705,576	925,478	1,085,365	1,138,631	1,202,792	1,252,398	1,295,151	1,339,500
Early Childhood	17,666	26,431	40,542	55,172	69,658	78,140	85,955	93,022	99,032
Primary	204,402	279,286	369,615	422,291	416,214	411,312	406,394	401,045	405,789
Scholarships	0	0	0	3,053	3,034	2,994	2,922	2,804	3,225
All Other Recurrent	204,402	279,286	369,615	419,238	413,180	408,318	403,472	398,241	402,564
Lower Secondary	82,232	102,359	159,988	227,478	250,159	282,963	320,188	357,786	377,983
Scholarships	0	0	0	14,225	15,394	17,145	19,096	20,993	21,803
All Other Recurrent	82,232	102,359	159,988	213,253	234,765	265,819	301,092	336,793	356,180
Upper Secondary	53,622	62,842	67,852	81,956	87,339	100,901	105,615	105,431	116,381
Scholarships	0	0	0	6,543	8,707	10,640	11,796	12,489	13,216
All Other Recurrent	53,622	62,842	67,852	75,413	78,632	90,260	93,819	92,942	103,165
Technical and Vocational	23,502	31,579	86,688	97,332	109,599	122,490	126,723	130,967	135,225
Scholarships	0	0	48,682	53,255	57,827	62,400	62,400	62,400	62,400
All Other Recurrent	23,502	31,579	38,006	44,078	51,771	60,090	64,323	68,567	72,825
Teacher Training	37,878	31,305	25,042	24,036	26,167	26,147	26,440	26,733	27,061
Scholarships	21,816	15,660	11,352	10,139	10,981	10,836	10,836	10,836	10,836
All Other Recurrent	16,062	15,646	13,690	13,897	15,187	15,311	15,604	15,897	16,225
Higher Education	40,652	66,190	63,490	59,356	57,558	54,474	50,040	44,178	36,798
Scholarships	0	0	0	2,177	2,366	2,554	2,743	2,931	3,120
All Other Recurrent	40,652	66,190	63,490	57,179	55,192	51,920	47,297	41,246	33,678
Non Formal Education	27,093	32,731	38,742	43,869	47,306	51,017	55,023	59,348	64,017
Inclusive Education	71,950	72,854	73,520	73,874	74,631	75,347	76,020	76,641	77,213
Recurrent Shares									
Early Childhood	2.9%	3.4%	4.0%	4.6%	5.5%	5.8%	6.1%	6.4%	6.5%
Primary	33.5%	36.0%	36.4%	35.3%	33.0%	30.8%	29.0%	27.6%	26.8%
Lower Secondary	13.5%	13.2%	15.7%	19.0%	19.8%	21.2%	22.9%	24.6%	25.0%

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Investment	522,936	147,257	436,647	650,965	488,305	412,238	457,877	482,854	508,254
Broad Programmes									
Facilities Development	88,937	81,025	340,142	460,531	513,816	439,125	485,110	514,551	544,448
<i>Construction</i>	80,043	72,922	170,166	262,540	303,337	331,672	364,257	388,342	412,427
<i>Renovation</i>	8,894	8,102	58,256	86,271	90,259	94,703	99,603	104,959	110,771
<i>Incomplete Schools</i>	0	0	111,720	111,720	111,720	0	0	0	0
<i>New Generation</i>									
<i>Provincial Colleges</i>	0	0	0	0	8,500	12,750	21,250	21,250	21,250
Laboratory Refurbishment	0	0	0	0	0	0	0	207,298	483,696
EMIS	0	0	0	25,933	8,616	8,587	8,558	8,529	8,500
Capacity Development	433,999	31,898	35,604	51,121	53,483	47,406	49,289	44,015	45,686
Initial Purchase of Text Books	0	0	112,954	0	0	0	0	0	0
Programme Shares									
Facilities Development	17.0%	71.8%	69.6%	85.7%	89.2%	88.7%	89.3%	66.4%	50.3%
Laboratory Refurbishment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.8%	44.7%
EMIS	0.0%	0.0%	0.0%	4.8%	1.5%	1.7%	1.6%	1.1%	0.8%
Capacity Development	83.0%	28.2%	7.3%	9.5%	9.3%	9.6%	9.1%	5.7%	4.2%
Initial Purchase of Text Books	0.0%	0.0%	23.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(Kip Millions)									
Total Recurrent and Investment Funding									
<i>Recurrent</i>	610,137	775,776	1,016,224	1,195,149	1,260,384	1,336,949	1,399,413	1,455,498	1,513,672
<i>Investment</i>	522,936	112,922	488,700	537,586	575,914	495,117	542,957	774,393	1,082,330
Recurrent %	53.8%	87.3%	67.5%	69.0%	68.6%	73.0%	72.0%	65.3%	58.3%
Investment %	46.2%	12.7%	32.5%	31.0%	31.4%	27.0%	28.0%	34.7%	41.7%
Grand Total Government Expend	1,133,073	888,698	1,504,924	1,732,735	1,836,298	1,832,066	1,942,370	2,229,891	2,596,002

Table C: Overall Education Sector Financing Plan

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Recurrent	754,475	946,006	1,169,175	1,333,766	1,423,509	1,529,784	1,618,294	1,702,009	1,798,723
Administration	51,138	70,200	90,746	109,785	121,753	134,157	147,015	160,347	174,172
Centre	5,114	7,020	9,075	10,978	12,175	13,416	14,702	16,035	17,417
Provinces/Districts	46,024	63,180	81,672	98,806	109,578	120,741	132,314	144,312	156,755
Broad sub-sectors	703,336	875,806	1,078,428	1,223,982	1,301,756	1,395,627	1,471,278	1,541,662	1,624,551
Early Childhood	19,418	28,783	45,337	63,401	82,323	95,047	107,702	120,177	132,042
Primary	234,817	317,312	369,615	422,291	416,214	411,312	406,394	401,045	405,789
<i>Scholarships</i>	0	0	0	3,053	3,034	2,994	2,922	2,804	3,225
<i>All Other Recurrent</i>	234,817	317,312	369,615	419,238	413,180	408,318	403,472	398,241	402,564
Lower Secondary	99,531	122,642	186,415	227,478	250,159	282,963	320,188	357,786	377,983
<i>Scholarships</i>	0	0	0	14,225	15,394	17,145	19,096	20,993	21,803
<i>All Other Recurrent</i>	99,531	122,642	186,415	213,253	234,765	265,819	301,092	336,793	356,180
Upper Secondary	68,468	78,852	85,138	101,169	112,502	136,320	150,012	157,849	185,158
<i>Scholarships</i>	0	0	0	6,543	8,707	10,640	11,796	12,489	13,216
<i>All Other Recurrent</i>	68,468	78,852	85,138	94,626	103,796	125,680	138,216	145,360	171,942
Technical and Vocational	72,476	89,480	146,581	157,331	170,666	184,013	183,901	183,822	183,775
<i>Scholarships</i>	0	0	48,682	53,255	57,827	62,400	62,400	62,400	62,400
<i>All Other Recurrent</i>	72,476	89,480	97,899	104,077	112,839	121,613	121,501	121,422	121,375
Teacher Training	39,700	32,679	26,059	24,036	26,167	26,147	26,440	26,733	27,061
<i>In Service</i>	0	0	1,477	1,568	1,613	1,687	1,737	1,774	1,832
<i>Pre Service</i>	17,884	17,019	13,231	12,329	13,574	13,624	13,867	14,123	14,394
<i>Scholarships</i>	21,816	15,660	11,352	10,139	10,981	10,836	10,836	10,836	10,836
Higher Education	69,883	100,473	107,022	110,532	121,788	133,460	145,599	158,261	171,512
<i>Scholarships</i>	0	0	0	2,177	2,366	2,554	2,743	2,931	3,120
<i>All Other Recurrent</i>	69,883	100,473	107,022	108,355	119,422	130,906	142,856	155,329	168,392
Non Formal Education	27,093	32,731	38,742	43,869	47,306	51,017	55,023	59,348	64,017
Inclusive Education	71,950	72,854	73,520	73,874	74,631	75,347	76,020	76,641	77,213
Recurrent Shares									
Early Childhood	2.6%	3.0%	3.9%	4.8%	5.8%	6.2%	6.7%	7.1%	7.3%
Primary	31.1%	33.5%	31.6%	31.7%	29.2%	26.9%	25.1%	23.6%	22.6%

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Investment	522,936	112,922	488,700	537,586	575,914	495,117	542,957	774,393	1,082,330
Broad Programmes									
Facilities Development	88,937	81,025	340,142	460,531	513,816	439,125	485,110	514,551	544,448
<i>Construction</i>	80,043	72,922	170,166	262,540	303,337	331,672	364,257	388,342	412,427
<i>Renovation</i>	8,894	8,102	58,256	86,271	90,259	94,703	99,603	104,959	110,771
<i>Incomplete Schools</i>	0	0	111,720	111,720	111,720	0	0	0	0
<i>New Generation Provincial</i>									
Colleges	0	0	0	0	8,500	12,750	21,250	21,250	21,250
Laboratory Refurbishment	0	0	0	0	0	0	0	207,298	483,696
EMIS	0	0	0	25,933	8,616	8,587	8,558	8,529	8,500
Capacity Development	433,999	31,898	35,604	51,121	53,483	47,406	49,289	44,015	45,686
Initial Purchase of Text Books	0	0	112,954	0	0	0	0	0	0
Program Shares									
Facilities Development	17.0%	71.8%	69.6%	85.7%	89.2%	88.7%	89.3%	66.4%	50.3%
Laboratory Refurbishment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.8%	44.7%
EMIS	0.0%	0.0%	0.0%	4.8%	1.5%	1.7%	1.6%	1.1%	0.8%
Capacity Development	83.0%	28.2%	7.3%	9.5%	9.3%	9.6%	9.1%	5.7%	4.2%
Initial Purchase of Text Books	0%	0%	23%	0%	0%	0%	0%	0%	0%
(Kip Millions)									
Total Recurrent and Investment Funding									
<i>Recurrent</i>	754,475	946,006	1,169,175	1,333,766	1,423,509	1,529,784	1,618,294	1,702,009	1,798,723
<i>Investment</i>	522,936	112,922	488,700	537,586	575,914	495,117	542,957	774,393	1,082,330
Recurrent %	59.1%	89.3%	70.5%	71.3%	71.2%	75.5%	74.9%	68.7%	62.4%
Investment %	40.9%	10.7%	29.5%	28.7%	28.8%	24.5%	25.1%	31.3%	37.6%
Grand Total	1,277,411	1,058,929	1,657,875	1,871,352	1,999,423	2,024,902	2,161,251	2,476,402	2,881,053

Table D: Unit Costs: Government/Non-Government Shares By Sub-Sector

Detailed Sub-Sectors

(Kip 000's)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unit Cost Early Childhood (Kindergarten)									
<i>Enrolment</i>	49,770	63,921	87,112	110,541	137,619	152,210	165,093	176,190	185,004
Gov'	350	410	462	495	501	507	514	520	526
Non-Gov'	35	36	55	74	91	110	130	152	175
Total	385	446	516	568	592	617	643	671	701
Share Non-Gov'	9.0%	8.2%	10.6%	13.0%	15.4%	17.8%	20.2%	22.6%	25.0%
Unit Cost Early Childhood (Play group)									
<i>Enrolment</i>	0	0	3,394	8,963	17,445	26,861	38,098	51,152	65,849
Gov'	20	23	27	30	30	30	30	30	30
Non-Gov'	0	0	0	0	0	0	0	0	0
Total	20	23	27	30	30	30	30	30	30
Share Non-Gov'	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unit Cost Primary Education									
<i>Enrolment</i>	873,759	886,637	926,063	972,993	949,131	922,057	886,654	848,597	831,471
Gov'	234	315	399	431	435	443	455	469	484
Non-Gov'	35	43	0	0	0	0	0	0	0
Total	269	358	399	431	435	443	455	469	484
Share Non-Gov'	13.0%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unit Cost Lower Secondary Education (Does Not Include Scholarships)									
<i>Enrolment</i>	248,920	272,263	374,471	406,433	439,826	489,853	545,611	599,797	622,953
Gov'	330	376	427	525	534	543	552	562	572
Non-Gov'	69	75	71	0	0	0	0	0	0
Total	400	450	498	525	534	543	552	562	572
Share Non-Gov'	17.4%	16.5%	14.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unit Cost Non Formal Education									
<i>Enrolment</i>	151,306	158,872	166,815	175,156	183,914	193,109	202,765	212,903	223,548
Gov'	179	206	232	250	257	264	271	279	286
Non-Gov'	0	0	0	0	0	0	0	0	0
Total	179	206	232	250	257	264	271	279	286
Share Non-Gov'	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unit Cost Upper Secondary Education (Does Not Include Scholarships)									
<i>Enrolment</i>	108,169	112,256	95,463	125,823	167,435	204,620	226,844	240,177	254,153
Gov'	496	560	711	599	470	441	414	387	406
Non-Gov'	137	143	181	153	150	173	196	218	271
Total	633	702	892	752	620	614	609	605	677
Share Non-Gov'	21.7%	20.3%	20.3%	20.3%	24.2%	28.2%	32.1%	36.1%	40.0%
Unit Cost TVET									
<i>Enrolment</i>	31,680	35,344	39,008	42,672	46,336	50,000	50,000	50,000	50,000
Gov'	742	893	974	1,033	1,117	1,202	1,286	1,371	1,457
Non-Gov'	1,546	1,638	1,535	1,406	1,318	1,230	1,144	1,057	971

(Kip 000's)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	2,288	2,532	2,510	2,439	2,435	2,432	2,430	2,428	2,428
Share Non-Gov'	67.6%	64.7%	61.2%	57.6%	54.1%	50.6%	47.1%	43.5%	40.0%
Unit Cost Higher Education									
Enrolment	30,992	34,618	38,244	41,870	45,496	49,122	52,748	56,374	60,000
Gov'	1,312	1,912	1,660	1,366	1,213	1,057	897	732	561
Non-Gov'	943	990	1,138	1,222	1,412	1,608	1,812	2,024	2,245
Total	2,255	2,902	2,798	2,588	2,625	2,665	2,708	2,755	2,807
Share Non-Gov'	41.8%	34.1%	40.7%	47.2%	53.8%	60.3%	66.9%	73.4%	80.0%
In-Service Teacher Training									
Enrolment	0	0	5,906	6,271	6,452	6,748	6,950	7,097	7,326
Gov'	0	0	250	250	250	250	250	250	250
Non-Gov'	0	0	0	0	0	0	0	0	0
Total	0	0	250	250	250	250	250	250	250
Share Non-Gov'	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pre-Service Teacher Training									
Enrolment	17,481	12,548	9,096	8,124	8,799	8,683	8,683	8,683	8,683
Gov'	919	1,247	1,354	1,518	1,543	1,569	1,597	1,627	1,658
Non-Gov'	104	109	101	0	0	0	0	0	0
Total	1,023	1,356	1,455	1,518	1,543	1,569	1,597	1,627	1,658
Share Non-Gov'	10.2%	8.1%	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table E: Wage and Non Wage in Recurrent Government Funding

Administration

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
Central Admin	5,114	7,020	9,075	10,978	12,175	13,416	14,702	16,035	17,417
Salary costs	3,873	4,953	6,036	6,822	7,650	8,522	9,439	10,403	11,417
Non wage	1,241	2,067	3,039	4,156	4,525	4,894	5,263	5,631	6,000
Ratio non wage/ total	24%	29%	33%	38%	37%	36%	36%	35%	34%
Province/District Adm'	46,024	63,180	81,672	98,806	109,578	120,741	132,314	144,312	156,755
Salary costs	34,854	44,576	54,323	61,400	68,853	76,698	84,951	93,631	102,755
Non wage	11,171	18,604	27,349	37,406	40,725	44,044	47,363	50,681	54,000
Ratio non wage/ total	24%	29%	33%	38%	37%	36%	36%	35%	34%

Detailed Sub-Sectors

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
ECCD (Kindergarten)	17,438	26,209	40,226	54,686	68,944	77,209	84,777	91,572	97,291
Salary costs	17,184	25,448	38,872	51,788	67,716	77,209	84,777	91,572	97,291
Non wage	255	760	1,354	2,898	1,228	0	0	0	0
Ratio non wage/ total	1%	3%	3%	5%	2%	0%	0%	0%	0%
ECCD (Playgroup)	0	0	91	269	523	806	1,143	1,535	1,975
Salary costs	0	0	0	0	0	0	0	0	0
Non wage	0	0	91	269	523	806	1,143	1,535	1,975
Ratio non wage/ total	0%	0%	100%	100%	100%	100%	100%	100%	100%
Primary Education	204,402	279,286	369,615	422,291	416,214	411,312	406,394	401,045	405,789
Salary costs	198,974	227,257	257,770	275,445	273,310	270,120	264,295	257,417	256,711
Non wage	5,429	52,028	111,845	146,846	142,904	141,192	142,099	143,628	149,079
Ratio non wage/ total	3%	19%	30%	35%	34%	34%	35%	36%	37%
Lower Secondary	82,232	102,359	159,988	227,478	250,159	282,963	320,188	357,786	377,983
Salary costs	79,788	98,216	147,443	163,560	180,917	205,967	234,518	263,560	279,859
Non wage	2,444	4,143	12,546	63,918	69,242	76,996	85,671	94,226	98,124
Ratio non wage/ total	3%	4%	8%	28%	28%	27%	27%	26%	26%
Non Formal Education	27,093	32,731	38,742	43,869	47,306	51,017	55,023	59,348	64,017
Salary costs	26,624	31,614	36,514	39,490	42,709	46,189	49,954	54,025	58,428
Non wage	469	1,117	2,228	4,379	4,598	4,828	5,069	5,323	5,589
Ratio non wage/ total	2%	3%	6%	10%	10%	9%	9%	9%	9%
Upper Secondary	53,622	62,842	67,852	81,956	87,339	100,901	105,615	105,431	116,381
Salary costs	53,622	62,842	67,852	71,912	74,069	89,294	97,828	102,528	116,381
Non wage	0	0	0	10,044	13,270	11,606	7,787	2,904	0
Ratio non wage/ total	0%	0%	0%	12%	15%	12%	7%	3%	0%
TVET	23,502	31,579	86,688	97,332	109,599	122,490	126,723	130,967	135,225
Salary costs	17,613	21,484	25,106	27,267	29,434	31,613	31,501	31,422	31,375
Non wage	5,890	10,095	61,582	70,065	80,165	90,877	95,222	99,545	103,850
Ratio non wage/ total	25%	32%	71%	72%	73%	74%	75%	76%	77%
Higher Education	40,652	66,190	63,490	59,356	57,558	54,474	50,040	44,178	36,798
Salary costs	13,159	16,914	21,172	24,615	28,430	32,662	37,360	42,581	36,798
Non wage	27,494	49,276	42,318	34,741	29,128	21,812	12,680	1,596	0
Ratio non wage/ total	68%	74%	67%	59%	51%	40%	25%	4%	0%
Teacher Training	37,878	31,305	25,042	24,036	26,167	26,147	26,440	26,733	27,061
Salary costs	6,646	5,539	4,493	4,205	4,775	4,942	5,184	5,440	5,711
Non wage	31,232	25,767	20,549	19,831	21,392	21,205	21,256	21,292	21,350
Ratio non wage/ total	82%	82%	82%	83%	82%	81%	80%	80%	79%
Inclusive Education	71,950	72,854	73,520	73,874	74,631	75,347	76,020	76,641	77,213
Salary costs	0	0	0	0	0	0	0	0	0

Non wage	71,950	72,854	73,520	73,874	74,631	75,347	76,020	76,641	77,213
<i>Ratio non wage/ total</i>	100%	100%	100%	100%	100%	100%	100%	100%	100%
Inclusive Education	17,438	26,209	40,226	54,686	68,944	77,209	84,777	91,572	97,291
Salary costs	17,184	25,448	38,872	51,788	67,716	77,209	84,777	91,572	97,291

Overall Totals

<i>(Kip Millions)</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total sub-sectors	558,770	705,353	925,252	1,085,148	1,138,440	1,202,667	1,252,363	1,295,236	1,339,735
Salary costs	413,609	489,314	599,221	658,283	701,360	757,996	805,416	848,545	882,555
Non wage	145,162	216,039	326,031	426,865	437,080	444,670	446,946	446,690	457,180
<i>Ratio non wage/ total</i>	26%	31%	35%	39%	38%	37%	36%	34%	34%
Grand total	609,909	775,553	1,015,998	1,194,932	1,260,193	1,336,824	1,399,378	1,455,582	1,513,907
Salary costs Admin	452,335	538,843	659,580	726,505	777,863	843,216	899,806	952,580	996,728
Non wage	157,574	236,710	356,418	468,427	482,330	493,608	499,571	503,003	517,180
<i>Ratio non wage/ total</i>	26%	31%	35%	39%	38%	37%	36%	35%	34%

Annex 3: ESDF Financing Assumptions and Targets

Average Staff Salaries

Sub-Sector	2007(Baseline)	Target	Target Year
ECCD	6,873,401	10,220,121	2015
Primary	7,008,826	10,497,259	2015
Lower Secondary	7,538,580	11,231,154	2015
Upper Secondary	8,309,842	12,459,344	2015
TVET	8,399,041	12,550,050	2015
Teacher Training	10,967,213	16,445,132	2015
Higher Education	10,983,730	16,130,724	2015
Non-formal Education	7,038,562	10,454,667	2015
Admin	12,697,134	19,028,7131	2015

Block Grant Unit Costs

Sub-Sector	2007(Baseline)	Target	Target Year
ECCD (Kindergarten)	39,863	100,000	2010
ECCD (Playgroup)	20,000	30,000	2009
Primary	40,536	100,000	2010
Lower Secondary	79,312	120,000	2010
Upper Secondary	118,947	175,000	2015
TVET	1,731,792	1,800,000	2015
Teacher Training	642,856	1,000,000	2015
Higher Education	1,830,303	2,000,000	2015
Non-formal Education	3,100	25,000	2015
Admin	4,069,517	16,105,100	2015

Parental Cost Shares

Sub-Sector	2007(Baseline)	Target	Target Year
ECCD (Kindergarten)	9.0%	25%	2015
ECCD (Playgroup)	0.0%	0%	2009
Primary	13.0%	0%	2009
Lower Secondary	17.4%	0%	2010
Upper Secondary	21.7%	40%	2015
TVET	67.6%	40%	2015
Teacher Training	10.2%	0%	2010
Higher Education	41.8%	80%	2015
Non-formal Education	0.0%	0%	2015
Admin	0%	0%	2015

Pupil Classroom Ratio

Sub-Sector	2007(Baseline)	Target	Target Year
ECCD	20.3	34	2015
Primary	30.2	34	2015
Lower Secondary	23.5	40	2015
Upper Secondary	16.2	40	2015

TVET	15.1	26	2015
Teacher Training	28.8	25	2015
Higher Education	25.9	20	2015
Non-formal Education	200	200	2015

Note: Non-formal figures refer to pupils per centre (CLC)

Pupil Teacher Ratio

Sub-Sector	2007(Baseline)	Target	Target Year
ECCD	19.9	17	2015
Primary	30.8	20.3	2015
Lower Secondary	23.5	20.7	2015
Upper Secondary	16.2	25	2012
TVET	15.1	20	2015
Teacher Training	28.8	25	2015
Higher Education	25.9	20	2015
Non-formal Education	40	40	2015

Proportion of Classrooms to be Renovated Annually

Sub-Sector	2007(Baseline)	Target	Target Year
ECCD	0.12%	5%	2010
Primary	1.32%	10%	2010
Lower Secondary	1.43%	10%	2010
Upper Secondary	0.20%	5%	2010
TVET	2.54%	5%	2010
Teacher Training	3.70%	5%	2010
Higher Education	0.28%	5%	2010
Non-formal Education	0.13%	5%	2010

Scholarship values

Sub-Sector	Amounts	Target
Primary	175,000 Kip per year	20% of the total number of students from Poorest Districts in Grade 4 and 5 get a scholarship
Lower Secondary	175,000 Kip per year	20% of all Lower Secondary students get a scholarship focusing on poorest and poor districts
Upper Secondary	260,000 Kip per year	20% of all Upper Secondary students get a scholarship focusing on poorest and poor districts
TVET	3,120,000 Kip per year	40% of all TVET students get a scholarship focusing on poorest and poor districts
Teacher Training	3,120,000 Kip per year	40% of all Pre-Service Teachers get a scholarship equating to 100% of full time trainees.
Higher Education	260,000 Kip per year	20% of all Higher Education students focusing on poorest and poor districts.