Document of
The World Bank

Report No: 24159-LAC

PROJECT APPRAISAL DOCUMENT

FOR PROPOSED LOANS AND CREDIT

IN THE AMOUNT OF US$5.0 MILLION TO ST. KITTS AND NEVIS

AND US$6.0 MILLION AND SDR 4.8 MILLION

(US$6.0 MILLION EQUIVALENT) TO ST. LUCIA IN SUPPORT OF THE

FIRST PHASE OF THE MULTI-COUNTRY ORGANIZATION

OF EASTERN CARIBBEAN STATES

(OECS) EDUCATION DEVELOPMENT PROGRAM

FOR THE GOVERNMENTS OF THE OECS

MAY 15, 2002

Human Development Sector
Caribbean Country Management Unit
Latin America and the Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective)

Currency Unit	=	ECD
ECD$1.0	=	US$0.370370
US$1.0	=	ECD$2.7

FISCAL YEAR
April 1 -- March 31

ABBREVIATIONS AND ACRONYMS

BERP	Basic Education Reform Project
CAS	Country Assistance Strategy
CDB	Caribbean Development Bank
CEE	Common Entrance Examination
CIDA	Canadian International Development Agency
CREMIS	Caribbean Regional Educational Management Information System
CXC	Caribbean Examination Council
DFID	Department for International Development
EMIS	Education Management Information System
GOSKN	Government of St. Kitts and Nevis
GOSL	Government of St. Lucia
ICB	International Competitive Bidding
MOE	Ministry of Education
MOF	Ministry of Finance
NCB	National Competitive Bidding
OECS	Organization of Eastern Caribbean States
OERU	OECS Education Reform Unit
PAC	Project Advisory Committee
PMU	Project Management Unit
SIP	School Improvement Project

Vice President:	David De Ferranti
Country Director:	Orsalia Kalantzopolous
Sector Manager/Director:	William Experton / Ana-María Arriagada
Task Team Leader/Task Manager:	Cynthia Hobbs

CONTENTS

ANNEXES

OECS COUNTRIES
OECS Education Development Project

Project Appraisal Document

Latin America and the Caribbean Region
LCSHE

Date: May 15, 2002
Country Director: Orsalia Kalantzopoulos
Project ID: P070071
Lending Instrument: Adaptable Program Loan (APL)

Team Leader: Cynthia Hobbs
Sector Director: Ana-Maria Arraigada
Sector: ES - Secondary Education
Theme: Education
Poverty Targeted Intervention: Y

Program Financing Data

APL	Indicative Financing Plan				Estimated Implementation Period (Bank FY)		Borrower
	IBRD US$ m	%	Others US$ m	Total US$ m	Commitment Date	Closing Date	
APL 1 Loan/ Credit	17.00	65.0	9.00	26.00		September 30, 2008	St. Kitts and Nevis, St. Lucia
APL 2 Loan/ Credit	8.00	70.0	3.50	11.50		June 30, 2009	Grenada
APL 3 Loan/ Credit	15.00	70.0	7.50	22.50		December 30, 2009	Dominica, St. Vincent and the Grenadines
Total	40.00		20.00	60.00			

Country Project Financing Data

ST. KITTS AND NEVIS
[X] Loan [ ] Credit [ ] Grant [ ] Guarantee [ ] Other:

For Loans/Credits/Others:
Amount (US$m): 5.0
Proposed terms: Fixed Spread Loan in US$
Grace period (years): 5
Years to maturity: 15
Front-end fee on Bank loan: 1%

Financing Plan (US$m):

Source	Local	Foreign	Total
BORROWER	1.95	0.02	1.97
IBRD	3.45	1.55	5.00
Total:	5.40	1.57	6.97

Borrower: St. Kitts and Nevis
Responsible agency: Ministry of Finance

Estimated disbursements (Bank FY/US$m) for ST. KITTS AND NEVIS:					
FY	2003	2004	2005	2006	2007
Annual	0.50	1.00	1.50	1.00	1.00
Cumulative	0.50	1.50	3.00	4.00	5.00

Project implementation period: Five years

Expected effectiveness date: September 2002 **Expected closing date:** September 2008

Implementing Agency: Ministry of Foreign Affairs and Education
Contact Persons: Osmond Petty, Permanent Secretary (St. Kitts); Bronte Gonsalves, Education Planner (Nevis)
Address: P.O. Box 333, Lockhart Street, Basseterre, St. Kitts, West Indies
Tel: (869) 466-8610 Fax: (869) 466-8974 Email: secpet@hotmail.com; edunevbg@caribsurf.com

ST. LUCIA

[X] Loan [X] Credit [ ] Grant [ ] Guarantee [ ] Other:

For Loans/Credits/Others:

Total (US$m equivalent): 12.0

Amount of Loan (US$m): 6.0
Proposed terms: Fixed Spread Loan in US$
Grace period (years): 5
Years to maturity: 15
Front-end fee on Bank loan: 1%

Amount of Credit (SDRm): 4.8 (equivalent to US$m 6.0)
Proposed terms: Standard IDA terms
Years to maturity: 35

Financing Plan (US$m): Source	Local	Foreign	Total
BORROWER	6.23	0.12	6.35
IBRD	3.28	2.72	6.00
IDA	3.28	2.72	6.00
DFID	0.23	0.57	0.80
Total:	13.02	6.13	19.15

Borrower: St. Lucia
Responsible agency: Ministry of Finance, International Financial Services and Economic Affairs

Estimated disbursements (Bank FY/US$m) for ST. LUCIA:					
FY	2003	2004	2005	2006	2007
Annual	1.50	3.00	4.00	2.50	1.00
Cumulative	1.50	4.50	8.50	11.00	12.00

Project implementation period: Five years

Expected effectiveness date: September 2002 **Expected closing date:** September 2008

Implementing Agency: Ministry of Education, Human Resource Development, Youth and Sports
Contact Person: Didacus Jules, Permanent Secretary
Address: New NIS Building Waterfront, Castries, St. Lucia
Tel: (758) 451-6725 Fax: (758) 453-2299 Email: Julesd@Candw.Lc

A. Program Purpose and Project Development Objective

1. Program purpose and program phasing:

The island states of the Organization of Eastern Caribbean States (OECS) face considerable development challenges due to their small size and extreme vulnerability to external shocks and natural disasters. The OECS countries rely primarily on three sectors for external income: (i) tourism, which accounts for more than half of the earnings; (ii) mono-cropping in banana or sugar, where they are facing declining preferential access to export markets and (iii) offshore financial and business services, for which they have recently come under increasing international pressure to strengthen their regulatory infrastructure as well as to reduce "harmful" tax competition. The events of September 11 resulted in a reduction in tourist earnings that severely impacted on their economies, where diversification remains limited. The countries' location within the hurricane belt (except for Grenada) and the presence of several active volcanoes also increase the region's susceptibility to natural disasters of a catastrophic nature. Over the last five years alone, five major hurricanes inflicted a total damage of over US$1.1 billion, or just under 50% of the total sub-regional income.

Despite relatively strong economic performance during the last two decades, the OECS countries continue to be plagued by strong income volatility and insecurity and persistent poverty. With the exception of Antigua, which has a relatively low poverty headcount of around 12 percent, over one quarter of the sub region's remaining population can be classified as poor using locally defined poverty lines (St. Lucia: 25.1%; Dominica: 33%; Grenada: 32%; St. Kitts and Nevis: 31%; and Saint Vincent and the Grenadines: 37.5%). Continued growth has meant notable improvement in social indicators. In particular, the OECS countries are providing universal access to primary education and access to secondary education for over 60 per cent of their population. However, this net enrollment, which compares favorably to Latin American countries, conceals a profound deficit in quality and equity. Student achievement is very low and a majority of youth leave the education system without the basic skills necessary to play a productive role in society. Less than 70 percent of the students complete secondary education and less than 50% succeed at the regional CXC exams *(see Table 1 in Section B.2. for data by country).* A high level of unemployment among youth with low skill levels has resulted in an increase in the number of youth at risk throughout the region. Unemployed school leavers face increasingly new challenges, not least the temptation of a growing sub-culture of crime and drugs and early sexual activity with the concomitant risks of contracting sexually transmitted disease and early pregnancy.

All the OECS countries have put education at the center of their strategy to diversify their economy, to ensure sustainable growth and to improve the cohesion of the society by better integrating youth. In November 2000, after a large consultation process, the OECS countries developed an Eastern Caribbean Development Strategy with ten core priorities, among them two related directly to this project: (i) developing human capital through continued investments in better quality health and education, especially improved access to secondary and tertiary education and (ii) addressing pressing social issues, particularly chronic unemployment and problems associated with youth. From there, each OECS country started a participatory process to plan their long-term education development strategy. At a Regional level, the OECS Secretariat (through the OECS Education Reform Unit - OERU) is attempting to harmonize those strategies. A framework for reform with a horizon of 2010, "OECS Education Reform Strategy: Pillars for Partnership and Progress," was adopted by the Ministers of Education in June 2001. All the countries have expressed interest in engaging in secondary education reform programs that: (i) expand access; (ii) revise the programs and curricula in light of fast changing labor market conditions; (iii) improve quality by creating an environment more conducive to teaching and learning; (iv) address the problems of youth at risk as manifested by significant school drop-outs, especially among boys, and by school violence; and (v) develop the capacity of both central and school level administration in the context of a newly defined system of autonomy and accountability.

The Bank, in the Country Assistance Strategy (CAS) dated June 4, 2001, favors a sub-regional approach for continued support to education with a focus on improving quality and access at the secondary level. The CAS confirms the priorities of the "OECS Education Reform Strategy" which was presented to the CGCED meeting of June, 2000 and endorsed by the Ministers of Education on October 25, 2000. The Bank approach for this program is similar to the one adopted in other operations such as Emergency Recovery, Disaster Management or HIV/AIDS. In order to put the emphasis on the sub-regional approach, conserving scarce institutional capacity and realizing efficiency gains in terms of overall costs, the Bank groups similar operations under sub-regional umbrella mechanisms, while still shaping each project to meet the particular needs of each country. Implementing country projects in this programmatic approach encourages cost effectiveness and sub-regional integration, pooling resources from the member countries to allow them to reach national and sub-regional priorities. The process also involved some innovation to adapt the Bank's instrument to better suit the sub-regional goals. In the proposed "horizontal" APL, phased support is provided for a long-term development program. The term horizontal implies that the instrument will apply sequentially across countries in the sub-region to allow countries to join the program when they are ready.

The proposed program will support the education development of Saint Lucia, Saint Christopher (St. Kitts) and Nevis, Dominica, Grenada and Saint Vincent and the Grenadines. Each country will join the program when they meet the established criteria for participation (see Section B.4.). St. Lucia and St. Kitts & Nevis will be the first to join the program. The others are likely to join the program in FY03.

This program is developed with participation from the Department for International Development (DFID) *(see Annex 9 for full description of DFID project implementation support to St. Lucia)* and is coordinated with the other main donors for the education sector in the region, including the Caribbean Development Bank, the European Union, UNICEF and the Canadian International Development Agency (CIDA). The activities proposed under this program are supported by current initiatives from several regional institutions: (a) the OERU's work on curriculum harmonization; (b) the Caribbean Examination Council's (CXC) work on evaluation and standards and (c) the UNESCO regional office's initiative on education statistics (Caribbean Regional Educational Management Information System - CREMIS). In order to strengthen this regional collaboration and sharing of information, the Bank introduced an Education Knowledge Management Network for the Caribbean (EKMN). This network was designed for key education policy makers and practitioners in the Caribbean to share information and knowledge and learn from one another in the preparation and implementation of education projects. The EKMN should enhance participatory project design and facilitates access to previously unavailable information. The OERU has created a staff position for two years to give continuity to this initiative.

This program builds on the recently completed Bank-financed Basic Education Reform Projects in St. Lucia, Grenada and Dominica, the DFID-financed Secondary Education Support Project (SESP) in Dominica and the CDB-financed education project in St. Kitts and Nevis. Achievements at the basic education level have laid the foundation for reforms in the upper primary and secondary schools and have increased demand for better quality education.

2. Project development objective (see Annexes 1A and 1B):

The overall program objective is to build human capital in the OECS which, in turn, will contribute to the diversification of their economy and more sustainable growth. This objective will be achieved by: (i) increasing equitable access to secondary education; (ii) improving the quality of the teaching and learning process, with more direct interventions at the school level and a focus on student-centered learning, and (iii) strengthening management of the sector and governance of schools.

3. Key performance indicators (see Annexes 1A and 1B):

The following performance indicators will be used to measure progress in meeting the established development objectives:

Project Development Objectives	Outcome/Impact Indicators				
	St. Kitts & Nevis	**St. Lucia**	**Dominica**	**Grenada**	**St. Vincent & the Grenadines**
Increase access to secondary education					
Transition rate to secondary education increases	*(no need for an indicator here, since it reaches 100%)*	from 69% in 2000/01 to 82% by 2006/07	from 83% in 1999/00 to xx% by...	from 60% in 1999/00 to xx% by...	from 60% in 2000/01 to xx% by...
Net enrollment rate in secondary education increases	from 90% in 2000/01 to 96% by 2006/07	from 64% in 2000/01 to 77% by 2006/07	from 73% in 2000/01 to xx% by...	from 62% in 2000/01 to xx% by...	from 54% in 2000/01 to xx% by...
Improve the quality					
Gross completion rate in Form 5 increases	from 70% in 2000/01 to 85% by 2006/07	from 72% in 2000/01 to 85% by 2006/07	from 56% to in 2000/01 to xx% by...	from 72% in 2000/01 to xx% by...	from 47% in 2000/01 to xx% by...
Proportion of students passing at least 5 CXC increases, including Math and English	from 26% in 2000 to 36% by 2006/07	from 27% in 2000 to 40% by 2006/07	from 52% in 2000 to xx% by ...	from 13% in 2000 to xx% by ...	from xx% in 2000 to xx% by...
Improve management and efficiency of the education system					
Proportion of non-salary recurrent expenditure out of total recurrent expenditure increases	from 5% in 2000 to 9% by 2006/07	from 13% in 2000 to 16% by 2006/07	from 5% in 2000 to xx% by...	from xx% in 2000 to xx% by...	from xx% in 2000 to xx% by...
Pupil-teacher ratio increases	from 12.6 in 2000/01 to 15% by 2006/07	from 19 in 2000/01 to 20 by 2006/07	from 17 in 2000/01 to xx% by...	from 29 in 2000/01 to xx% by....	from 24 in 2000/01 to xx% by...
Improve equity					
Specific to each country	Average proportion of Form V students passing at least 5 CXC exams in each of the 7 catchment areas of the new Saddlers school increases by 15-20% by 2006/07	Gross enrollment rates (GER) in the two new schools' catchment areas increase significantly from 2000/01 to 2006/07: - from 35% to 60% in Gros Islet - from 0% to 70% in Anse La Raye Ratio between the proportion of graduate teachers in the poorest and richest 20% schools increases from 55% in 2000 to 85% by 2006/07			

Notes: Data for Dominica, Grenada and St. Vincent and the Grenadines will be confirmed when the countries join the program.

B. Strategic Context

1. Sector-Related Country Assistance Strategy (CAS) goal supported by the project (see Annexes 1A and 1B):

Document number: 22205-LAC **Date of latest CAS discussion:** June 4,2001

The OECS Country Assistance Strategy cites two crucial policy issues: (i) economic and social vulnerability and (ii) limited institutional capacity. In order to relieve economic and social vulnerability, the Bank, in close collaboration with other development agencies, should support an economic diversification process to move from agriculturally-based economies to service industries and tourism, while building institutional capacity and protecting their environment. This will require investments in training of human resources. The quality of human capital is a critical factor for better integration in a world economy dominated by knowledge-based industries. Education, especially at the secondary level, should remain a strong priority for the Eastern Caribbean Governments in order to ensure that students learn the basic skills necessary to enter into the labor force. Due to the special development challenges that these small states face, the Bank proposes a sub-regional/regional approach to mitigate the limitations imposed by their small size.

Caribbean Education Strategy Report No. 20452-LAC, June 2000: The proposed project is in line with the five key recommendations made in the Caribbean Education Strategy paper, endorsed in a meeting held on October 25, 2000 by the Ministers of Education of the region. These strategy recommendations, intended to realize the final objective of reaching an internationally competitive labor force and equitable and effective education systems, include: (i) narrowing the knowledge gap; (ii) making the school and the classroom the center of focus of the education system; (iii) reducing inequities in the school system; (iv) strengthening regional collaboration and (v) enhancing educational financing and management.

Small States: Meeting Challenges in the Global Economy - Report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States, April 2000 (presented at the Bank's Annual Meetings in Prague in September 2000): This report states that "improving small states' human capital is the most important vehicle for a rapid transition and more equal income distribution." A better-educated population will be more productive and use limited resources more efficiently. In strategic global repositioning of their economies, the OECS countries are rapidly shifting to service industries. Human capital is a critical factor in service delivery, an increasingly important commodity in the global market. Improvements in the quantity and quality of education, with emphasis on strong literacy and numeracy skills, are essential to upgrade the work force and ensure labor productivity. Information technology can also boost development in small states with a well-educated computer-literate work force. The Report states that it is important for small states to build a knowledge base and share experiences. Regional co-operation can also help to develop capacity. Finally, improved donor coordination is important to the development of small states. Alignment of donor objectives reduces the administrative and financial burden on the countries.

The OECS Education Reform Strategy: Pillars for Partnership and Progress 2010 (accepted in the 14th Ministers of Education Meeting: Tortola - June 2001): This document proposes inter alia to reform secondary education along the following lines: (i) to provide or maintain the provision of universal education for all children up to the age of 16 years, to guarantee five years of secondary education to students meeting the entry criteria and to certify achievement at the end of primary and secondary; (ii) to establish a common curriculum in the first three years of secondary to reinforce general education (English Language and Literature, Mathematics, Integrated Science, Integrated Technology, Social Studies, Foreign Languages, Physical Education, Religious and Moral Education and Performing Arts) and to allow some degree of specialization in the last two years; (iii) to improve the quality through modular programs, comprehensive training for school principals and teachers, lengthening the school year to 190 days, encouraging the use of creative and performing arts and information and communication technology in teaching and (iv) to strengthen the delivery of support services such as guidance and counseling, social welfare and library and learning resources.

2. Main sector issues and Government strategy:

Sector Issues

The following issues were identified through the preliminary work done in the development of the countries' long-term education plans and during the preparation process through studies done in the following areas: (i) social assessment, (ii) school financing, (iii) youth-at-risk; (iv) teacher training; (v) curriculum; (vi) science education and (vii) numeracy and literacy. The studies involved interviews with teachers, principals, students, MOE personnel and local NGOs. In the social assessment, students were offered the opportunity to express their perceptions, concerns and expectations of school. School-leavers, parents and teachers were also interviewed to corroborate students' statements. Special focus was placed on issues of inequity of access to quality education.

(a) Inequitable access to secondary education

Students from low-income families have a lower participation rate in quality secondary education in OECS countries. In St. Kitts, though secondary enrollment is universal, the secondary school that serves the children from the low-income area of the island is overcrowded and infrastructure is poor. In addition, many of these children have to travel long distances to reach school. In St. Lucia, low-income children are more likely to be enrolled at all-age primary schools[1] or not enrolled in the formal school system. While only 46% of students from the 1st quintile are enrolled in secondary education, 79% of students from the 5th quintile are enrolled. The limited number of secondary school places in St. Lucia results in a low transition rate from primary to secondary schools *(see Table 1 below)*. This is partly due to the high selectivity of the Common Entrance Examination (CEE)[2], which rations the limited places available in secondary education. This also has a negative effect on the poor because they often attend the schools with fewer resources and from which fewer students pass the exam. There is a traditional concentration of secondary schools in urban areas which limits availability to many poor rural families, and there are no explicit compensatory and targeting mechanisms (transport subsidies, education grants, feeding programs, etc.) which facilitate the access of disadvantaged children to secondary schools. In addition, there is a gender issue present in both countries (and in the whole Caribbean region in general), whereby males demonstrate lower academic achievement levels and have lower participation in secondary education.

(b) Deficient quality of secondary education.

Results of the Caribbean Examination Council (CXC) exams, given at the end of the secondary cycle, determine students' ability to enter tertiary education or access professional jobs in the labor market. In most of the OECS countries, students' achievement level on some CXC exams is very low. In St. Lucia, only 27% passed 5 subject exams, including Math and English in 2000, while in St. Kitts and Nevis, the pass rate was 26% *(see Table 1 below)*. An inequitable distribution of resources across schools results in differences in the quality of education offered to students, especially those from lower income families,

---

[1] The students who fail the Common Entrance Examination, given at Grade 6 of primary school, remain in the all-age primary schools (attending senior primary courses or junior secondary programs). A minority of them have a further chance to gain a place in secondary school (integrating Form 3) via the Common Middle School Examination.

[2] The CEE is a competitive exam given at the end of Grade 6 to give access to the secondary cycle.

and unequal opportunities to attain the CXC goal. The factors more commonly mentioned during preparation of the program that contribute to poor student achievement include: (i) imbalanced and irrelevant curricula; (ii) low teacher qualifications and a teaching/learning mode that is uninteresting and generally ineffective; (iii) insufficient and low quality instructional materials and educational equipment; (iv) the need for continuous evaluation of student performance and better supervision mechanisms and (v) a school environment that discourages involvement of the whole school community. All of these factors create a school environment that is not conducive to student learning and that inhibits active student participation.

(b.i.) Imbalanced and irrelevant curricula

Across the OECS, the curriculum is imbalanced and insufficient to meet society's current needs and does not appeal to the interests of the students. It includes obsolete subject matter and lacks a clearly defined core curriculum to ensure development of core skills for all students. Instead, it offers a multiplicity of options too early in the student's school career, resulting in superficial coverage of many subjects and creating excessive costs for individualized teachers and space. In addition, streaming of students takes place in many schools, leading frequently to students being restricted in their subject choices and being required too early to make career choices. Such practices of streaming contribute to student dissatisfaction and loss of self-esteem.

In recognition of these problems, the OERU has led regional efforts to agree on a core curriculum. In their policy document, "Pillars for Progress," they outline a list of subjects that has been endorsed by the Ministers of Education. However, discussions in a recent regional curriculum seminar (February 2002), organized by the Bank, revealed that the policy mandates have not yet been adopted by individual governments nor have they been put into practice in schools. The harmonization of the curriculum across the OECS should be accelerated to promote economies of scale in the production and purchase of textbooks and to allow for a common assessment of learning achievement.

The curriculum seminar participants also agreed that the curriculum requires a more interdisciplinary approach, and it should give more attention to the development of autonomy, values and moral behaviours and local culture. In addition, all the countries expressed the need for greater inclusion of information technology. They are especially concerned with the lack of a cohesive program that enables secondary school students to acquire the skills, knowledge and attitudes for the use of information technology.

(b.ii.) Ineffective teaching/learning mode, low teachers' qualifications and insufficient training

The pedagogy is teacher-centered and discourages student autonomy and creative, independent research and learning. The Governments assess that teachers should offer differentiated activities and individualized learning in a more interactive way. Efforts are being made to offer teacher training more conducive to modern pedagogy and curriculum changes.

Teacher qualifications are low. In St. Lucia, only about half of the secondary teachers had tertiary degrees in 1997/98 and only 58% of the teachers had received some sort of teacher training. In St. Kitts and Nevis, only 30% of the secondary teachers had tertiary degrees in 1999/2000 and 30% of the teachers had received some training. In addition, there is a constant movement of teachers, so the MOE is continually required to hire new substitute teachers to replace trained teachers who have left the system. Many teachers show weaknesses in pedagogical skills and mastery of subject matter, which are cited by education officials and school principals as one of the major causes of low student achievement levels. A secondary effect of these weaknesses is teachers' inability to create a learning environment that limits disciplinary problems in the classroom or to handle disciplinary action in productive ways. Students interviewed shared feelings of apprehension for the use of corporal punishment in schools, lack of respect from teachers and a dearth of good role models.

(b.iii.) Insufficient and low quality instructional materials and educational equipment to support student-centered learning approaches

Secondary schools are characterized by the absence of basic educational materials and equipment to support student-centered classroom teaching and learning. Those school libraries that exist are poorly stocked and under-used, and computers are not systematically connected to the internet. Science laboratories are poorly equipped and the computer laboratories, when existing, are under-used due to insufficient access to educational software and poor maintenance of the hardware. The conditions make it extremely difficult to implement student-centered approaches, such as group or team work, independent research projects, science experiments and other hands-on learning methods. Finally, teachers and educational support staff require more appropriate training to use existing and proposed new equipment.

(b.iv.) Need for more continuous student assessment and supervision mechanisms

In most of the countries, the education system is largely based on a policy of automatic promotion from one grade to the next, with a selection being made at the end of the two main cycles, primary and secondary (in St. Kitts, only at the end of the secondary cycle). The lack of intermediate student assessment makes it difficult to detect educational achievement problems and resolve them when they appear, leading to low achievement levels on the two terminal exams. St. Lucia has introduced a Minimum Standard Examination after the 3rd and 5th Grades that tests the knowledge and skills of all students at a particular grade level in the basic education cycle and introduces standards and benchmarks as a means of quality control. St. Kitts and Nevis has designed National Certificates of Education for the same purpose. There is a general need at the sub-regional level to develop a new examination system to assess student achievement in the core subjects and some selective areas. This exam could be given after Form III to include students who may not reach the CXC level.

(b.v.) Need for enhancement of school community participation

The overall atmosphere of the school, given the issues cited above, and insufficient communication between major stakeholders create an environment that is not conducive to pedagogical improvements and that does not respond to real needs, interests, expectations and culture of the students. There is a lack of activities in which students can take initiatives and voice their concerns. The involvement of the parents is also insufficient to motivate and support the school and the students.

(c) Weak management of the sector and governance of schools

Three main issues in the management of the sector and governance of the schools need to be tackled quite urgently. First, there is a weak information system to support informed and effective decision-making. Although the countries have Education Management Information Systems, they do not all include systematized data collection, effective supervision and reporting mechanisms and established quality standards. There is no supervision system in place that uses the EMIS data to monitor school and staff performance. The recently closed projects have worked to build the planning capacity of the MOEs, but this will need to be further strengthened and decentralized to include district offices and schools. Secondly, governance is weak at the school level with insufficient training for principals, low levels of parent participation and limited autonomy and capacity of the schools to manage small maintenance budgets and apply site-based activities and innovations. Thirdly, there is low capacity of the sector in budget management and planning with consequent difficulties in mobilizing the necessary resources for quality investments (including maintenance and in-service teacher training).

Table 1: Some education data

	Education Expenditure /GDP	Net enrollment rate in primary education	Repetition rate in primary education	Transition rate from primary to secondary education	Net enrollment rate in secondary education	Gross completion rate (Form 5)	Repetition rate in secondary education	Proportion of students passing at least 5 subjects at the CXC (b)
St. Lucia	6.6% (2000)	98% (2000)	2.2% (2000)	70% (2000)	64% (2000)	72% (2000)	0.2% (2000)	27% (2000) (c)
Dominica	6.7% (1999)	85% (2000)	2.2% (2000)	83% (1999)	73% (2000)	56% (2000)	11% (2000)	52% (1998)
St. Kitts and Nevis	6.2% (a) (1999)	98% (2000)	3.0% (2000)	100% (1999)	90% (2000)	70% (2000)	5.2% (2000)	26% (2000) (c)
Grenada	7% (2000)	99% (2000)	2.8% (2000)	60% (1999)	62% (2000)	72% (2000)	1.3% (2000)	13% (2000) (d)
St. Vincent and the Grenadines	6.3% (1999)	98% (2000)	10.6% (2000)	60% (2000)	54% (2000)	47% (2000)	9.5% (2000)	N.A.

Source: UNESCO, EFA 2000 Country Assessment Reports, CGCED (2000), St. Lucia -Ministry of Education (2001), Dominica-Ministry of Education (2000) , St. Kitts and Nevis-Ministry of Education (2000), Grenada-Ministry of Education (2000) and St. Vincent and the Grenadines-Ministry of Education (2000).
Notes: (a) Education Expenditure/GNP; (b) Students passing a minimum of 5 general/technical subjects as a proportion of the students sitting the CXC; (c) Students passing a minimum of 5 general/technical subjects, including Math and English, as a proportion of the students sitting the CXC; (d) students passing 4 CXC including English and Math.

Government Strategies

All the countries participating in this program have engaged recently in the preparation of a long-range education sector plan. In each country, the process has been highly participatory, including meetings across the islands with key stakeholders. In their plans, firstly, all the Governments have indicated a strong commitment to education. They have agreed to maintain significant and consistent public investment in education, as indicated by the levels of education expenditure as a percentage of GNP *(see Table 1 above)*. The continuity of this commitment over the past 30 years has led, in all the countries, to almost universal coverage in primary education. As a result, they are now focusing on the development of quality secondary and tertiary education and greater access to these levels for students from low-income families. The Governments all recognize that there are still quality issues to be addressed at all levels. Governments are: (i) designing remedial programs to improve literacy and numeracy skills for low-achieving students in primary school; (ii) increasing training opportunities to raise teacher qualifications; (iii) reforming the secondary school curriculum to make it more relevant to the needs of the society; (iv) equipping secondary schools with the facilities, materials and technology to promote student-centered learning and (v) increasing the use of diagnostic assessment mechanisms. A more detailed description of the individual plans is included in Annex 2A for St. Kitts and Nevis and 2B for St. Lucia.

3. Sector issues to be addressed by the project and strategic choices:

The project will address the three main sector issues highlighted above:

Equitable access to secondary education

The project aims to increase access to secondary education, paying special attention to students from low-income families. Construction of new schools in under-served areas, rehabilitation of existing schools and expansion of the number of classrooms will provide additional secondary school places or replace temporary and dilapidated facilities. Care has been taken to ensure appropriate selection of school sites for new schools, based on poverty assessment and school mapping data. Rehabilitation and expansion will be focused on the schools with fewer resources. St. Lucia will use these two strategies in their efforts to achieve universal secondary education while St. Kitts and Nevis will improve opportunities for the poorest students in the school system. In addition, St. Kitts and Nevis will extend to secondary education the school feeding program. Cafeterias will be constructed or added to the public secondary schools and profits will be used to subsidize meals for the poorest students in each school.

Improved quality

A compensatory literacy and numeracy program in primary and secondary schools will ensure that more students acquire the basic skills to move into secondary school and successfully handle the demands of the secondary curriculum. In secondary schools, the program will enhance the quality of the educational process by improving the school teaching and learning environment with more direct interventions at the school level and a focus on student-centred learning. Governments will move towards a common core curriculum more responsive to the country's development needs and the introduction of information technology across the subjects. Relevant learning materials, books and laboratory equipment will be provided, and learning resource centers, equipped with books, computers with internet service and audio/ video equipment, will give students and teachers research facilities and the means for more creative teaching and learning. Teacher training courses will improve teachers' knowledge of subject matter and ability to use technology as well as student-centered pedagogical skills. In addition, efforts will be made in training courses to improve teachers' skills in early detection of learning problems and identification and methods for working with students at risk. Finally, continuous student assessment and shifts to make terminal examinations more diagnostic in nature will provide for more focused and relevant student assessment and quality assurance.

Another key to improving quality is improvement of the school environment. Students need to feel more welcome in schools, and they need an avenue for more creative expression. School Improvement Projects (SIPs) have been identified as an effective way of creating partnerships throughout the school community, fostering ownership and stimulating innovation in education. And extracurricular activities, selected and managed by the students themselves, will allow students to define and explore their own interests. Improved student support services, including trained guidance counselors, also will be available to students.

Better sector management and school governance

Improvements in the countries' Education Management Information Systems (EMIS) will link schools with each other and with the Ministry of Education at the central level, and will provide reporting and supervision mechanisms as well as established quality standards to be monitored on a continuous basis. This will enhance the work of the District Education offices and will inform the teacher training and pedagogical support to teachers. At the school level, principals will receive leadership and management training and the Program will extend initial training on the use of school development plans to include the involvement of teachers, students, parents and the wider community in School Development Planning.

4. Program description and performance triggers for subsequent loans:

In the proposed "horizontal" APL, phased support is provided for a long-term development program. The term horizontal implies that the instrument will apply sequentially across countries in the sub-region to allow countries to join the program when they are ready. The countries will implement their projects simultaneously.

The proposed program will support the education development of St. Lucia, St. Kitts and Nevis, Dominica, Grenada and St. Vincent and the Grenadines. Each country will join the program when they meet the following established criteria for participation:

- Adoption by their Government of a long-term Education Development Plan;
- Readiness of a project proposal to improve quality and access to secondary education;
- Establishment of a Project Management Unit with functions and staff satisfactory to the Bank;
- Credit worthiness indicators (net international reserves, debt to GDP and debt service to exports of goods and non factor services) that remain within reasonable ranges; and
- Counterpart funding availability for the project.

St. Kitts and Nevis and St. Lucia will be the first to join the program. The others are likely to join the program in FY03. The program is described in Section A.1. and the individual country projects for St. Kitts and St. Lucia are described in Annexes 2A and 2B, respectively.

C. Program and Project Description Summary

1. PROJECT COMPONENTS (see Annexes 2A and 2B for detailed descriptions and Annexes 3A and 3B for detailed cost breakdowns):

The following is a general outline of the proposed project. Local adaptations to meet individual country's needs can be found in Annexes 1A and 1B. Costs for the individual sub-projects can be found in Annexes 3A and 3B.

1. Increase equitable **access** to secondary education, paying special attention to students from low-income backgrounds, by (a) constructing new schools in under-served areas and (b) rehabilitating existing schools and expanding the number of classrooms.
2. Improve **quality** to enhance the school teaching and learning environment, with more direct interventions at the school level and a focus on student-centred learning, through: (a) curriculum enhancement and related teacher training and improved continuous assessment; (b) establishment of learning resource centers and improved science laboratories and provision of relevant learning materials, books and laboratory equipment; (c) establishment of literacy and numeracy enhancement programs and programs to support participation of disadvantaged students, including learning support for less able learners and (d) use of school development plans and provision of school improvement projects and extracurricular activities for youth at risk.
3. Strengthen **management of the sector and governance of schools** by (a) expanding the Education Management Information System (EMIS) to link schools with each other and with the Ministry of Education at the central level, which should include reporting and supervision mechanisms as well as the establishment of quality standards to be monitored on a continuous basis and (b) improving supervision and support to schools through strengthening of district education offices, the training of principals, the promotion of parent participation and the implementation of decentralized maintenance budgets.

St. Kitts and Nevis

Component	Sector	Indicative Costs (US$M)	% of Total	Bank financing (US$M)	% of Bank financing
EQUITABLE ACCESS	Secondary Education	3.04	43.6	2.02	40.4
QUALITY TEACHING and LEARNING		2.88	41.3	2.16	43.2
MANAGEMENT and GOVERNANCE		0.30	4.3	0.23	4.6
PROJECT MANAGEMENT		0.65	9.3	0.49	9.8
PPF REPAYMENT		0.05	0.7	0.05	1.0
Front-end Fee		0.05	0.7	0.05	1.0
Total Project Costs		6.97	100.0	5.00	100.0
Total Financing Required		6.97	100.0	5.00	100.0

St. Lucia

Component	Sector	Indicative Costs (US$M)	% of Total	Bank financing (US$M)	% of Bank financing
EQUITABLE ACCESS	Secondary Education	13.77	71.9	8.34	69.5
QUALITY TEACHING and LEARNING		3.63	19.0	2.64	22.0
MANAGEMENT and GOVERNANCE		0.87	4.5	0.61	5.1
PROJECT MANAGEMENT		0.56	2.9	0.09	0.8
PPF REPAYMENT		0.26	1.4	0.26	2.2
Front-end Fee		0.06	0.3	0.06	0.5
Total Project Costs		19.15	100.0	12.00	100.0
Total Financing Required		19.15	100.0	12.00	100.0

2. Key policy and institutional reforms supported by the project:

A key element to make the school more effective, to improve the learning environment and to make it more attractive to students, is the empowerment of the school community. Each of the countries, in their long-term sector plan, has highlighted the need to decentralize education, focusing on the school level and enabling greater school autonomy in planning and decision-making. This will be supported by many of the activities in the proposed project: (a) each school will have a school development plan and a school-based improvement project, elaborated with the participation of principals, teachers, students, parents and community leaders; (b) students should drive the selection and implementation of extra-curricular activities; (c) each school will manage a maintenance budget and (d) each school will be connected to and will contribute data to an EMIS system. The countries support these activities within an improved legal framework. In St. Lucia, the new Education Act, passed in 2000, now establishes the basis for governance of the system and will strengthen the district education offices. St. Kitts and Nevis propose the formation of school Boards to monitor decentralized activities.

All the OECS countries have also agreed on the development of a core curriculum for Forms I to III of secondary education, building on the work done to date by the OERU. This curriculum aims to: (i) provide the basic skills for all students; (ii) adapt the contents to address specific regional issues; (iii) introduce information technology across subjects; (iv) strive to make the content more relevant and thereby more attractive to students and (v) focus more on core subject areas and reduce the number of electives to make education more cost effective at this level. The OECS Education Development program will assist in the provision of instructional materials and training and re-training of teachers to meet new curriculum needs. It also will ensure that school construction and rehabilitation, as well as equipment, are in line with more student-centered pedagogical approaches.

3. Benefits and target population:

Main benefits

The expected benefits from this program are considerable. First, it will increase educational opportunities for youth from disadvantaged and rural areas. It also offers potential improvement in the quality of secondary education. This improvement will ensure that students are able to benefit fully from secondary education, in contrast to the current situation. Educational achievement will be higher, leading eventually to higher productivity and an increase in the earnings differential. Completion of the secondary cycle by a greater number of students will increase youths' opportunities to acquire better skills for the job market and get more qualified and better paying jobs.

Another important benefit which will follow from the increased enrollment is the reduction of out-of-school youth with a consequent reduction in violence and societal risk. Improving school climates and keeping students in school has proved to be the most cost-effective way of reducing youth violence.

Finally, the improved governance and the curriculum reform will lead to efficiency gains in the education process that will translate into a reallocation of funds from salaries to non-salary recurrent expenditures. This will allow for greater investments in quality.

Target population

The access component of the project will benefit especially the secondary school-age children of disadvantaged and rural areas. Less able learners will be targeted with specially designed support programs. The quality component of the project will benefit all the secondary education students in both urban and rural areas.

4. Institutional and implementation arrangements:

Project coordination and implementation arrangements:

In each country, a Project Management Unit (PMU), already established within the respective Ministry of Education, will be responsible for project coordination, management and implementation. A Project Coordinator will be assigned by the ministry to coordinate project progress and will be the principal link with the World Bank and DFID. The PMU will include the number of staff members gauged necessary to carry out the coordination, procurement, financial management and accounting of the project *(see Annexes 6A and 6B for full list of staff)*. In St. Kitts and Nevis, a Project Advisory Committee (PAC) will be established in the MOE. It will be chaired by the Permanent Secretary and will include representatives of the PMU, chairpersons of project sub-committees and senior officials representing the Ministry of Finance, the Planning Unit and the Public Works Department. A similar advisory committee exists in St. Lucia. The PAC will provide systematic advice and counseling during implementation of the project and exercise a monitoring role for the activities of the PMU.

Project implementation, monitoring and evaluation

In each country, the project components will be executed by the respective ministry units, with oversight by the PMU. Implementation of the project will be guided by the Project Operational Manual (OM), the Financial Management manual and a detailed procurement plan. *The final issuance of the OM is a condition for effectiveness of the Loan.*

The implementing units will provide regularly scheduled progress reports to the PMU. The PMU, in turn, will report project progress on a quarterly basis to the Bank, according to agreed upon performance indicators *(see Annexes 1A and 1B)*. As mentioned above, the PAC will also monitor project activities. As an extension of the PAC, St. Lucia has proposed the creation of a formal Council on Secondary

Education comprising Education Officers and Principals of secondary schools. This is welcomed as an additional means to ensure full stakeholder engagement in project implementation and monitoring.

Accounting, financial reporting and auditing requirements

The financial management of the project (including accounting, reporting audits and disbursements) will be coordinated by the PMU, which is currently in the process of finalizing the overall financial management system. To facilitate disbursements, a Special Account will be established and managed according to Bank guidelines as prescribed in the Disbursement Handbook. The project will be audited annually by an independent auditor acceptable to the Bank, and special purpose audits will be carried out on a half-yearly basis to audit the demand-driven component of the project. Audit reports will be submitted to the Bank no later than six months after the end of each fiscal year. Details of all financial management arrangements may be found in Annex 6.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

Sub-regional approach vs. single-country loans: The decision to include several countries under one program was made for two reasons. First, the OECS countries will gain from a more integrated approach. The limited resources available to each island are insufficient to tackle similar issues individually. Several regional initiatives have been established already, including common CXC examinations for secondary education graduates and an evaluation process that uses similar benchmarks; cost-effective teacher training via distance learning and a regional curriculum reform effort. The proposed program is building on these regional agreements. To foster regional collaboration in the design and execution of the program, the Bank introduced the Education Knowledge Management Network *(see section A.1. for a detailed description).* Secondly, the transaction costs for preparation, monitoring and evaluation of the project are reduced under a multi-country approach.

Focus on secondary education vs. whole-sector reform initiatives: Although some of the activities will cut across levels, such as institutional strengthening and student support programs, the decision was made to focus mainly on secondary education. Recent Bank-financed projects (BERPs) in Dominica, St. Lucia and Grenada and the CDB-financed project in St. Kitts and Nevis supported basic education reform in the respective countries. These projects have improved education quality and all the countries have achieved universal primary enrollment. Thus, the proposed program will build on these achievements to make quality secondary education available to the increasing demand. Another reason for focusing on one level of the education system is to simplify the design of the project. The inclusion of several countries makes it sufficiently challenging, and efforts are being made to concentrate on issues common to all of them. The program will not address tertiary education needs, with the exception of teacher training, since most secondary graduates leave their countries to pursue higher education, and national capacity for tertiary training is limited, as is national investment.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned):

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
Bank-financed		Implementation Progress (IP)	Development Objective (DO)
Improve human resource capacity necessary for economic and social development through a more efficient and effective education system	St. Lucia Basic Education Reform (PE-P038698-LC)/ Co-financed with CDB	S	S
Accelerate human resource development through support of a basic education reform to increase the efficiency and effectiveness of the education system and enhance equity of access to educational opportunities	Dominica Basic Education Reform (PE-P006969)	S	S
Accelerate human resource development through support of a basic education reform to increase the efficiency and effectiveness of the education system and enhance equity of access to educational opportunities	Grenada Basic Education Reform (PE-P043923)	S	S
Improve the quality, efficiency and equity of lower secondary education with particular emphasis on serving the poorest students and strengthen the capacity of the MOE&C to plan and monitor the impact of the reform	Jamaica Reform of Secondary Education (ROSE) (PE-P007479)	S	S

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
Other development agencies			
Improve quality of primary education and increase access to secondary education	St. Kitts & Nevis Basic Education Project (CDB, 1996)		
Strengthen the secondary education sub-sector in Dominica through the construction of a new school and the provision of technical assistance focused on enhancing the educational system	Dominica Secondary Education Support Project (DFID, 1998)		
Improve quality of primary education and increase access to secondary education	Antigua and Barbuda Basic Education Project (CDB, 1997)		
Need to increase access to Higher Education, particularly for students in no campus countries as well as those geographically distant within campus countries (27 education centers were developed in 16 countries)	Regional University of West Indies (UWI) Distance Education (CDB, 1992)		
Expand and improve the secondary education sector	Trinidad & Tobago Program of Secondary Education Project (IADB, 1999)		
Improve the quality of the education sector through the use of modern technology	Barbados Education Sector Improvement Program (IADB, 1998)		
Provide training for untrained primary teachers in the OECS countries	UWI/OECS Primary Teacher Education Project (DFID, 1994)		
Assist Governments to produce long-range sector strategic plans	Education Sector Strategic Plan (DFID, 1999 [Belize, St. Lucia, Dominica, St. Vincent]; 2001 [Grenada])		
Contribute to poverty eradication and sustainable development through improved education	Belize Education Sector Improvement Project (DFID, 2001)		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

Sector & Themes KM

Simple project design and flexibility: In small states, in order to reduce transaction costs, the Bank is allowing for horizontal APLs to group countries that are working on like issues. However, the horizontal APL loans currently under implementation for multiple countries have mixed ratings. As in all new ventures, we must approach this with a certain degree of caution. The OECS Disaster Management project used a horizontal APL with additional vertical phasing in the timing of the project (APL1, 2 and 3 with specific countries and an APL4 for contingency funding). Unexpected events during the course of implementation have required cumbersome adjustments. For this reason, this program proposes a simple umbrella structure whereby two countries (St. Kitts & Nevis and St. Lucia) will initiate their projects simultaneously. A similar design would be implemented for the other countries (Dominica, Grenada and St. Vincent) in the future, pending policy dialogue with the Governments.

Flexibility during project implementation: In St. Lucia, the sector realized significant strides towards system reform by effecting changes in the BERP content to address pressing unanticipated needs. This allowed, for example, the expansion of local training to include Management training for MOE staff, principals and teachers, and the support to additional district offices and strategic units within the organization. So while there can be broad agreement on the scope of assistance under specified components, there needs to be room for maneuver within and across sub-components as implementation progresses. This is taken into consideration for this program.

Donor co-ordination with single-source funding: The OECS Solid and Ship Waste Management Project is excessively complex with multi-countries, multi-donors and multi-source funding with a blend of IBRD/IDA and GEF funds and a complex project design. As a result, implementation has been difficult. The aim of this proposed education program is to improve donor coordination, stimulate donor investments and reduce transaction costs but avoid the rigidity and complexity of a co-financed loan. We are engaged in dialogue and parallel coordination of actions with major donors (DFID, CIDA, OECS/OERU and EU) in the planning of sector investments and the design of the program. DFID and the Bank are associated in the preparation and implementation of the program.

Community participation in design and implementation of projects: All the countries have noted the importance of involving stakeholders in the development of sector plans, and adopted a highly participatory process to establish their national long-range education plans. This responds, in some dimensions, to the lesser degree of participation in the recently closed projects, and the resulting limited success at the school level. In Dominica, ongoing efforts at reform have fallen short of effective ownership at the school level, so they have proposed devolvement of more authority and a focus on schools as the centers of change. They have done this by securing improved participation in the design of their project under this program and will empower teachers and principals to be agents of change through the EMIS, school networking and school improvement projects. St. Lucia and St. Kitts and Nevis have also followed a participatory approach to designing their proposed projects, and St. Lucia plans to establish an advisory Council on Secondary Education comprising Education Officers and Principals of secondary schools to oversee the implementation.

School improvement projects: The Bank has found, in countries across the region, that school improvement projects have proved to be one of the most effective agents of change in schools. Chile's school-based Education Improvement Project (PME) and extra-curricular activities (ACLES) are among the most successful and innovative components of the MECE projects. PMEs are submitted to the government by individual schools and are funded on a competitive basis. The PMEs have given teachers and principals the autonomy to decide how best to improve education quality in their schools and the ACLES have allowed students more expression in determining the activities that are interesting and meaningful to them, within the safe structure of the school community. Paraguay's Innovative Education Projects (PIEs) have also been widely successful in involving students, teachers, parents and community leaders in the quest for improved education responsive to local needs and have increased educational leadership among teachers and principals, improved communication with the school and with the community and enhanced teaching practices. This program, like the project under preparation in Jamaica, will incorporate these same types of innovative activities to promote school-based management, improve the school environment and address existing problems with youth at risk.

Civil works: In St. Lucia, implementation of the BERP has taught them that beneficiary input at the design stage of civil works, namely new schools, and adequately defined project needs prior to tender and start of construction, can help to reduce time and overall cost of civil works. The countries have taken the steps during the preparation phase of their projects to settle the issues relevant to proposed construction sites before the project start date, including school mapping, property titles and ownership, encumbrances, utilities, environmental impact and surveys. In addition, a general framework of guidelines for environmental assessments will be provided to all new countries coming in under the program.

4. Indications of borrower commitment and ownership:

All the countries have engaged over the last two years in the development of long-range sector plans. Their conscious inclusion of a wide range of stakeholders has committed them to carry forward the reform proposals by way of concrete actions within a limited period of time. St. Lucia, Dominica and Grenada have all requested follow-up funding to World Bank-financed education projects (BERPs) that recently closed in order to continue bolstering the education reform process. St. Kitts & Nevis and St. Vincent have also made direct requests for Bank financing to support the education sector. St. Lucia and St. Kitts & Nevis have submitted draft project proposals to the Bank. The project designs are rooted in their long-term education plans. Evaluation impact studies for the BERPs have informed the proposed program preparation process, providing lessons learned to guide the program design.

All the countries participated in the Regional Meetings of the Americas Education for All in Santo Domingo in February 2000 to formulate a Regional Action Plan 2000-2015 which was presented at the Conference in Dakar in April 2000. They have also participated in the Caribbean Education Strategy issued by the World Bank. The sector needs have been brought forth by the countries themselves and they are committed to addressing them. One clear indication is the attendance of representatives from Dominica, St. Kitts & Nevis and St. Lucia at the identification workshop in Washington, DC in June, 2000. Each country financed the travel for a team, including high level Ministry of Education officials, BERP staff, teacher training institute staff and secondary school directors.

All the countries also sent representatives to a recent Bank-financed curriculum workshop to review advances in curriculum reform for the first three years of secondary education. They have committed to supporting the regional initiatives by the OERU and will use these to advance individual country efforts.

5. Value added of Bank support in this project:

The Bank has a standing commitment to provide financial and technical assistance to the Caribbean region and an ongoing relationship with the ministries of education. A collaborative approach has yielded increased cooperation between the Bank and the countries, and among countries. The Bank introduced the Education Knowledge Management Network as a tool for fostering continued collaboration. The Bank has participated in the Caribbean Education Task Force in its quest to establish a regional strategy and is knowledgeable about regional sector issues.

The Bank has carried out extensive sector work in secondary education and can provide best practice examples of initiatives at this level. Particular to this project, the Bank's team offers expertise and familiarity with international secondary education reforms and school-based programs for youth, particularly in Chile, Argentina and Paraguay. The successful Chilean experience was introduced in the identification workshop.

The Bank has encouraged collaboration among donors (DFID, OECS/OERU, CIDA) in the project and has assisted in mobilizing additional sources of financing. The Bank organized and financed a regional curriculum workshop, encouraging OECS representatives to engage in consensus building around lower secondary curriculum issues. DFID, CXC and OERU representatives also participated to ensure collaboration among donors and regional agencies.

E. Summary Project Analysis (Detailed assessments are in the project file; see Annex 11):

1. Economic (see Annexes 4A and 4B):

The main benefits of the project will be the increase in the access to secondary education and the improvements in the quality of this same education cycle. Greater access to secondary education (and, thus, higher numbers of secondary education enrollees and graduates) brought about by the construction of new schools will make it possible for entire cohorts of students to become more productive, get more qualified jobs and, ultimately, earn more on the labor market. Similarly, quality improvements will lead to both decreased drop-outs and higher educational achievement which will both translate into higher earnings through a higher number of graduates and higher productivity gains associated with secondary education.

The economic analysis attempts to quantify all these benefits, finding them significant in the case of St. Lucia and St. Kitts and Nevis *(analysis presented in Annexes 4A and 4B)*. More specifically, benefits from increased access have required calculation of the incremental earnings associated with secondary education and application of the discounted stream of these incremental earnings to the new graduates produced by the project. Similarly, the benefits from decreased drop-outs were estimated applying this same discounted stream of incremental earnings to the additional students that are able to finish the cycle following the reduction in drop-outs brought about by the quality interventions. Finally, the benefits from increased quality (beyond the ones associated with decreased drop-outs) required to: (a) assess the impact that quality interventions have on educational achievement proxied by exam passing rates; (b) assess the differential in secondary earnings related to different levels of educational achievement (proxied by the number of secondary cycle terminal exams passed); and (c) apply the resulting "quality premium" on secondary education earnings to all graduates (including the new graduates produced by increased access and/or decreased drop-outs). Given this, the analysis still underestimates, however, the projects' benefits, since higher secondary enrollment will also bring a series of social benefits (such as the increased social cohesion produced by enrolling youth prone to be involved in risky and anti-social behaviors) which cannot be exactly quantified. Additionally, even if the access components of the program do not significantly increase overall enrollment but do result in a more sensible distribution of enrollment across schools (like in St. Kitts and Nevis), there will still be significant social benefits, again difficult to quantify, from facilitating access to better schools to disadvantaged students. Finally, on the cost side, the analysis attempts to estimate, as precisely as possible, the capital, recurrent and opportunity costs of the projects.

Table 2 shows that in the case of St. Lucia, the net present value (NPV) is US$25.8 million and the rate of return is 28%, while in the case of St. Kitts and Nevis, these numbers are respectively US$14.7 million and 35%. The results were checked for robustness to alternative values of the critical variables. In conclusion, for these two countries, the project is viable in economic terms.

Table 2: St. Lucia and St. Kitts and Nevis - Costs and Benefits (US$ millions)

	St. Lucia (PV)	St. Kitts and Nevis (PV)
Benefits:		
Increased access (or, decreased drop-outs)	30.3	17.6
Secondary education "quality premium"	22.2	6.7
Costs:		
Investment costs	(11.4)	(4.8)
Recurrent costs	(8.1)	(0.6)
Forgone income	(7.2)	(4.2)
NPV:	25.8	14.7
ERR:	28%	35%

2. Financial (see Annexes 4A, 4B, 5A and 5B):

Fiscal Impact:

The main objective of the fiscal/financial impact analysis is to provide a brief public expenditure review of the education sector for all countries and to assess whether the financial burden of the project is manageable. The expenditure review makes it possible to detect the priority given to education in the countries through the analysis of the latest education budget estimations, and to detect any efficiency issue through an analysis of expenditure composition, pupil-teacher ratios and unit costs. On the basis of the macroeconomic situations of the countries and the latest education budget estimates, future education budgets are then projected and the impact of the projects' capital and recurrent costs on these budgets assessed. This exercise was carried out for St. Lucia and St. Kitts and Nevis *(see Annex 5),* showing acceptable financial burdens, all the more if we take into account the small size of these economies and of the overall education budget. On average, during the implementation period, total project costs amount to 6.3% of the total education budget in St. Lucia and to 6.1% in St. Kitts and Nevis, falling to 1.9% in St. Lucia and 0% in St. Kitts and Nevis in the operational period. Finally, the efficiency analysis helped to determine some of the baseline and target indicators of the projects and assess different projects' recurrent costs scenarios (based, for instance, on alternative pupil-teacher ratios) which, in turn, lead to different financial implications and economic returns of the projects.

3. Technical:

The project is addressing two major issues: (a) a knowledge gap between the subject matter being taught and the knowledge and skills required for the countries to be competitive and to diversify; and (b) a disconnect between the school culture and youth culture, where school is not attractive to youth and does not effectively address their problems. The school environment is not conducive to change due to traditional teaching and a rigid curriculum and examinations structure. The question is whether the physical investment made by the project will be sufficient to change the school. The project design will address this in different ways:

- School-based improvement projects will stimulate school community participation.
- Extra-curricular activities will be designed and implemented by and for the youth.
- Regional curriculum reform and the evaluation of examinations and secondary education certification will be addressed by CXC and OERU in conjunction with the program.

- Networking will foster communication between teachers, schools, district offices and the ministry and between islands to increase collaboration, knowledge sharing and quality of supervision.

4. Institutional:

The PMUs have shown reasonable capacity to handle the BERPs and the CDB-financed project. The issue is not whether they are capable of implementing a new project (in terms of procurement and disbursement) but rather whether the MOE will be able to promote qualitative change at the school level. A core group of only four or five people in each MOE has been exposed to international experiences. Substantial technical assistance will be needed to bridge the knowledge gap and provide training to a wider audience.

4.1 Executing agencies:

The Ministry of Education units responsible for components of the Basic Education Reform Projects (BERP) in St. Lucia, Dominica and Grenada and those responsible for the CDB-financed project in St. Kitts & Nevis have demonstrated satisfactory implementation capacity and commitment to the delivery of the program. The projects have strengthened the institutional capacity of the MOE in each country and have improved the sector's strategic planning and analytical skills.

4.2 Project management:

A permanent Project Management Unit (PMU) has been established already within the MOE institutional framework under the BERPs and in St. Kitts under the CDB-financed project. The PMUs are fully integrated into the MOE and have gained considerable experience during implementation of the recently closed projects. There is a trained core staff with experience in implementing Bank-financed projects that will assume responsibility for the proposed project. Staff now have an appreciation of Bank requirements and procedures on matters that require prior review and those related to disbursements of funds. The experience has taught them valuable lessons about staff complementation, functions and organizational structure for effective and efficient project implementation. The professional handling of project accounts and the meticulously kept documents, expenditure details as well as the timely production of reports has been achieved under BERP. The PMU for the St. Kitts and Nevis project was also analyzed and determined ready for implementation of a Bank-financed project.

4.3 Procurement issues:

The Bank procurement specialist: (a) fully reviewed the draft procurement plans for St. Kitts and Nevis and St. Lucia, included in Annexes 6A and 6B; and (b) carried out a procurement capacity assessment of the forthcoming PMUs and MOEs (implementing agencies). The assessment reviewed the organizational structure of the proposed Project and found it to be satisfactory in both cases.

St. Kitts and Nevis

The main risks identified in the assessment for St. Kitts and Nevis include: (i) lack of national procurement rules and procedures; (ii) inexperience of staff with World Bank procurement planning and procedures (although they have successfully implemented a CDB project); (iii) limited number of staff for the PMU; (iv) the possibility that the MOE may not select a consulting firm with adequate qualifications to assist the PMU in the procurement and management of civil works contracts; and (v) possible delays on the design of school expansions due to lack of information on existing schools. A plan to address these risks is included in the PCA report and was agreed upon by the MOE *(see Annex 6A for details and implementation schedule)*. The overall project risk for procurement is AVERAGE. The project is ELIGIBLE for FMR-based disbursements on procurement reporting grounds in the view that the project includes the implementation of a Management Information System. However, SOE-based disbursements will be used, based on the inexperience of the PMU with Bank-financed projects.

St. Lucia

The main risks identified in the assessment include: (i) the selection of a consulting firm with adequate qualifications to assist the PMU in the preparation of bidding documents, the carrying out of bid evaluations and the management of the works contract; (ii) limited staff exposure to Bank procurement procedures and procurement planning; (iii) lack of standard documents for the procurement of works and goods under NCB and shopping methods and for the evaluation of bids for works/goods and services; (iv) insufficient staff for project accounting; and (v) inadequate facilities for project filing. A plan to address these risks is included in the PCA report and was agreed upon by the MOE *(see Annex 6B for details and implementation schedule)*. The overall project risk for procurement is AVERAGE. The project is ELIGIBLE for FMR-based disbursements on procurement reporting grounds in view that the project includes the implementation of a Management Information System. However, SOE-based disbursements will be used, based on the uncertain appointment of the experienced project accountant.

The Bank procurement specialist: (a) fully reviewed the draft procurement plans for St. Kitts and Nevis and St. Lucia, included in Annexes 6A and 6B; and (b) carried out a procurement capacity assessment of the forthcoming PMUs and MOEs (implementing agencies). The assessment reviewed the organizational structure of the proposed Project and found it to be satisfactory in both cases.

4.4 Financial management issues:

Financial arrangements for St. Kitts and Nevis and St. Lucia are included below and in Annex 6A and 6B, since they are the two countries to initiate the proposed program. Similar arrangements will be ensured for the other countries as they join the program.

St. Kitts and Nevis

The Project Management Unit (PMU) is adequately staffed and there is an appropriate segregation of duties within the PMU and MOE to ensure the effective and efficient management of all resources. The PMU is responsible to submit financial reports to various departments and divisions in the MOE and Ministry of Finance and Planning (MOFP) on a monthly basis, and will report to the Bank on a quarterly basis through the submission of the financial monitoring reports.

To facilitate the disbursement of funds, the GOSKN/MOFP will establish a Special Account (SA) in a commercial bank acceptable to the Bank, to be operated by the MOE (PMU) under terms and conditions satisfactory to the Bank. The project will be audited annually, including a review of procurement by an independent audit firm acceptable to the Bank. Project audit arrangements also include half-yearly special purpose audits to review the community-based component of the project. Details of all financial management arrangements may be found in Annex 6A.

St. Lucia

The PMU is adequately staffed and there is an appropriate segregation of duties within the PMU and MOECL to ensure the effective and efficient management of all resources. The PMU is responsible to submit financial reports to various departments and divisions in the MOECL and Ministry of Finance (MOF) on a monthly basis, and will report to the Bank on a quarterly basis through the submission of the financial monitoring reports.

To facilitate the disbursement of funds, the GOSL/MOF will establish a Special Account (SA) in a commercial bank acceptable to the Bank, to be operated by the MOECL (PMU) under terms and conditions satisfactory to the Bank. The project will be audited annually, including a review of procurement by an independent audit firm acceptable to the Bank. Project audit arrangements also include half-yearly special purpose audits to review the community-based component of the project. Details of all financial management arrangements may be found in Annex 6B.

5. Environmental (see Annex 7): Environmental Category: B (Partial Assessment)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

St. Kitts & Nevis and St. Lucia have identified the sites for each of the new schools, based on poverty assessment and school mapping data. As the construction of schools has environmental implications, the islands are small and there are environmental issues regarding the type of construction (hurricane proof) and location, each borrower was asked to carry out for each school an assessment of the environmental impact (EA). The EAs for St. Kitts and St. Lucia have been reviewed and cleared by the Bank and are available at the Info Shop and in St. Kitts and St. Lucia. A general framework for the environmental assessment of land sites and construction in all other countries will be drawn up in collaboration with the Bank's Quality Assurance Team *(see Annex 7).*

5.2 What are the main features of the EMP and are they adequate?

The EA and general framework address all relevant issues. An EMP is therefore not necessary.

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft: March 2002 (St. Kitts)
May 2002 (St. Lucia)

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

In St. Kitts and Nevis, the MOE and the Ministry of Environment carried out the EA together, in consultation with the Government's Physical Planning Unit, local architects and community leaders.

In St. Lucia, the MOE and the Ministry of Planning carried out the environmental assessment together in consultation with local architects and community leaders. The Population has been consulted in particular on the issue of transportation cost. The environmental assessment has been disclosed to the public through a website where everyone can access. A press release did inform the public that the environmental assessment is available in the Ministry of Education on a notice board.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

There are no anticipated adverse impacts from school construction, and environmental guidelines for contractors have been established.

6. Social: (See Annex 8)

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes

In order to appraise the project, a social assessment was carried out in Dominica, St. Kitts & Nevis and St. Lucia. The key topics for the assessment were based on expressed concerns by the countries:

- Why do students drop out beyond compulsory education, especially boys?
- Why are there high levels of underachievement?
- How can these trends be changed?
- What is the magnitude of social problems among school-aged youth?
- What can be done to make the school environment more attractive?
- How can the curriculum be revised to make courses more relevant to students' interests and needs?

The answers to these questions came from the students themselves and have guided decisions regarding teacher training, curriculum content and implementation, purchase of new pedagogical equipment and materials, and development of school development projects, school-based improvement projects and youth-at-risk activities *(see Annex 8 for a description of the methodology and outcomes).*

6.2 Participatory Approach: How are key stakeholders participating in the project?

All countries have prepared a long-term education plan, conceived through a widely participatory approach involving stakeholders from across the education community (parents, students, teachers, principals, teacher union and principal association representatives, Ministry officials and others). In addition, each country has arranged meetings with secondary school principals to review drafts of the project proposal, and in St. Kitts & Nevis, sub-committees comprising teachers, principals and private sector representatives have prepared the detailed proposals for some of the planned project initiatives. In St. Lucia, principals of secondary schools and Education Officers will continue to be involved in monitoring project implementation through the formation of a special advisory body.

Each secondary school will draw up a school development plan, discussed with the community, and will implement a school-based improvement project. In addition, students will define and manage extra-curricular activities and events.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

As mentioned above, the consultation process included a cross-section of the entire national population, including NGOs, the church, teacher unions, principal association representatives and others. In addition, NGOs were consulted regarding ongoing programs for youth at risk, and efforts will be made to establish stronger ties between NGOs and schools, if appropriate.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

The project includes the organization and provision of student support services, including remedial assistance to students with learning difficulties, strengthening of counseling services in school, school improvement projects and extra-curricular activities for youth-at-risk.

6.5 How will the project monitor performance in terms of social development outcomes?

The MOEs will provide an indicator which shows whether access has been achieved in the transition from primary to secondary education, based on the socio-economic origin of the students. Enrollment statistics will also be provided by gender to ensure that access is available to girls and boys. In addition, equity indicators have been developed individually for St. Kitts and Nevis and St. Lucia *(see key performance indicators in Section A.3.).*

7. Safeguard Policies:

7.1 Do any of the following safeguard policies apply to the project?

Policy	Applicability
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	Yes
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	No
Forestry (OP 4.36, GP 4.36)	No
Pest Management (OP 4.09)	No
Cultural Property (OPN 11.03)	No
Indigenous Peoples (OD 4.20)	No
Involuntary Resettlement (OP/BP 4.12)	No
Safety of Dams (OP 4.37, BP 4.37)	No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

An environmental assessment was carried out in St. Kitts, as described above, and assessments of the land sites in St. Lucia were recently completed, using the framework designed by the Bank. This framework will be used by all other countries that join the program.

In St. Kitts, two farmers were using a small piece of the landsite for the new school. They were not living there and have no lease arrangements on the land. Nevertheless, the Ministry of Agriculture, Fisheries, Cooperatives, Lands and Housing has consulted them concerning their interest to continue farming and has committed to assisting them in finding land of comparable quality. In St. Lucia, there are no resettlement issues for the two land sites selected for school construction. Due to the sizeable investments in school construction for this program, a resettlement framework will be included as part of the above-mentioned environmental framework.

F. Sustainability and Risks

1. Sustainability:

A fiscal impact analysis of the projects was undertaken in both St. Lucia and St. Kitts and Nevis, showing generally acceptable financial burdens for the countries. On the basis of realistic growth rate and education budget projections, which take into account the current macroeconomic situation of the countries, it was determined that total projects' costs will stay within a 6% range of the total education budgets in both countries during the implementation period. Similarly, it was also determined that the incremental recurrent costs of the project in St. Lucia won't exceed 2.4% of the future projected recurrent education budget, while the incremental recurrent costs of the project in St. Kitts will represent a negligible share (basically 0%) of the projected recurrent education budget. Finally, it is expected that both projects will bring more efficiency into the education sectors through increases in the pupil-teacher ratios and in the share of non-salary recurrent education expenditure. This will ultimately make both education sectors more financially sustainable.

2. Critical Risks (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

Risk	Risk Rating	Risk Mitigation Measure
From Outputs to Objective		
An increase in the stock of public debt, resulting from a weak fiscal stance due to persistent fiscal deficit in recent years. It is likely that most of the countries will have to undergo a fiscal adjustment, with expenditures- wage bill and goods and services-as the focal center. (St. Kitts and Nevis present the worst fiscal prospects; as of the end of 2001, the public debt to GDP was approximately 110 percent).	H	Governments will work closely with the Bank in the public expenditure review (PER) currently being discussed with the Bank, and will start to develop a fiscal reform strategy for the next 1-5 years.
Complex issues in secondary education: curriculum reform is a long-term proposition; quality improvements based on curriculum changes and teaching methods tied to curriculum reform may take longer than the duration of the project.	M	The project encourages a regional approach to these issues to gain support from other donors and consensus on content and timing. Regional collaboration and political will to make the changes would reduce the risk.
From Components to Outputs		
Internal focus of the project on schools and youth in school with little control over external factors.	M	The MOEs are making some connections between the school and other social services (AIDS seminars, social workers and counselors at schools), and the project will involve the wider school community.
Inadequate PMU staffing and capacity to manage a project of this magnitude and ensure quality delivery of project activities.	M	The project will strive to integrate PMUs more with MOE units (especially problematic in Dominica) to distribute the labor more efficiently. Substantial technical assistance will also be provided through DFID.
Potential problems in maintaining new and rehabilitated school infrastructure and equipment.	M	A maintenance plan will be developed and implemented. Maintenance seminars with principals, teachers and students should involve the main beneficiaries in caring for new and upgraded facilities. The St. Lucia Ministry would also consider seeking private sector support to provide a monetary incentive to best kept schools.
Overall Risk Rating	M	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)

3. Possible Controversial Aspects: None have been identified.

G. Main Loan Conditions

1. Effectiveness Condition

The following will be required for effectiveness:

- Fully staffed Project Management Unit, according to the specifications satisfactory to the Bank *(see Annexes 6A and 6B for staffing requirements).*
- Financial Management and Operational manuals.
- Operational Manual for the School Improvement Projects and Extra-curricular Activities.
- Contracting of an independent auditor.

2. Other [classify according to covenant types used in the Legal Agreements.]

- Government shall maintain the PMUs at all times during project implementation.
- Government shall carry out financial reporting, accounting and auditing as provided in section C.4.
- Government shall ensure the implementation of a school maintenance plan.

H. Readiness for Implementation

1. The engineering design documents for the first year's activities are complete and ready for the start of project implementation. Not applicable.

2. The procurement documents for the first year's activities are complete and ready for the start of project implementation. Yes.

3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality. Yes.

4. The following items are lacking and are discussed under loan conditions (Section G):

   Draft manuals have been submitted for review by the Bank, and PMU staff have been identified. Final copies of the manuals and final staffing will be approved by project effectiveness.

I. Compliance with Bank Policies

This project complies with all applicable Bank policies.

Cynthia Hobbs **Team Leader**	Ana-Maria Arriagada **Sector Manager/Director**	Orsalia Kalantzopoulos **Country Manager/Director**

Annex 1A: ST. KITTS & NEVIS Project Design Summary

OECS Education Development Project

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Sector-related CAS Goal: Promote human development for long-term growth by augmenting the educated and skilled labor force	**Sector Indicators:** 20% increase in persons entering the Labour force with the minimum academic qualifications and with basic skills to undergo job training Increase in the percentage of persons to enter institutions of higher learning	**Sector / Country Reports:** Social and Economic Reviews Manpower and Labour Force Surveys Population census	**(from Goal to Bank Mission)** Political will is sustained and stakeholders are committed to the goals of the education plan
Project Development Objective: Increase equitable access to secondary education	**Outcome / Impact Indicators:** Net enrollment rate in secondary education increased from 90% in 2001 to 96% by 2006	**Project Reports:** Ministry of Education annual statistical reports	**(from Objective to Goal)** Post-project recurrent budgetary provisions are adequate, and financial management and efficiency measures will improve the generation of necessary resources.
Improve the quality of secondary education	Gross completion rate for Form 5 increased from 70% in 2001 to 85% in 2006 Proportion of students passing at least 5 CXC exams, incl. English and Math, increased from 26% in 2000 to 36% by 2006	Ministry of Education annual statistical reports CXC examination results	Improve educational provision and financial management to facilitate increased access to Form 5. Implementation of an enhanced curriculum and availability of human and other resources
Improve management of education in public and private schools	Proportion of non-salary recurrent expenditure out of total recurrent expenditure increased from 5% in 2000 to 9% by 2006 Pupil-teacher ratio increased from 12.6:1 to 15:1 by 2006	Ministry of Finance and MOE annual statistical reports Ministry of Education annual statistical reports	Reallocation of human resources Reallocation and retraining of human resources
Improve equity	Average proportion of Form V students passing at least 5 CXC exams in each of the 7 catchment areas of the new Saddlers school increases by 15-20% by 2006/07		

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Output from each component: EQUITABLE ACCESS: One new Secondary school constructed	**Output Indicators:** 350 new secondary school places created by 2004 and the new school fully operational by 2004	**Project Reports:** Project reports; school visits; furniture and equipment inventories; scheme and record of work	**(from Outputs to Objective)** Feasibility study needs assessment, enrolment projection, required project preparation material and fiscal commitment to sustainability.
Cafeterias constructed or rehabilitated in six secondary schools	Six (6) cafeterias fully operational by 2004 180 students receiving subsidized meals by 2004	Project reports and school visits	Procedures established for identifying qualifying students. Project preparation material
QUALITY: *Curriculum Enhancement:* Curriculum improved for Forms 1-3, and accompanying instructional guides for teachers and relevant textbooks provided	Enhanced curricula in place and in use by 2004 Relevant equipment installed and materials purchased and in use by 2003 in existing schools and 2004 in new school.	Project reports; school visits; furniture and equipment inventories; scheme and record of work	Availability of curriculum specialists, textbook adoption, resources and appropriate supporting technology.
Teachers trained in priority subject areas	200 teachers trained in Information Technology and other emerging areas; 32 teachers, principals and resource people trained in use of Resource Learning Centres and new science equipment	Project reports	Cadre of teachers with basic I.T. literacy Retraining and reallocation of teachers
Teacher appraisal system established	Teacher appraisal system, consistent with curriculum expectations, in place and operational by 2003	Project reports	Appraisal system developed and evaluated.

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Resource Learning centers and upgrading of facilities Learning spaces established or upgraded, including resource learning centres, Information Technology and science labs, Technical shops, art and music rooms, equipment and materials	7 Centers established and relevant equipment installed and in use by 2004 in existing schools by 2005 Other IT and science labs upgraded and equipment and materials installed and in use by 2004	Project reports; school visits; furniture and equipment inventories	Availability of personnel with basic library skills. Reallocation of teachers and spaces to facilitate integration.
Student Support Services: Student support services and activities to reduce youth violence organized and provided	Programs developed, adequately resourced and implemented	Project reports; school visits	Connections are made between the school and other social services and the wider school community participates in the design and implementation of school-based projects and extra-curricular activities
Support services for disadvantaged students developed, including remedial reading and math programs	40 teachers trained in special education and learning interventions by 2006 90% of students in target population improve by 2 levels in Reading Assessment	Project reports and assessment results	Appropriate human resources available. Relevant resources available.
School-based improvement projects (SIPs) SIPs and extra-curricular activities organized	SIPs designed and operating in all secondary schools by 2003 Extra-curricular activities selected and run by students by 2003	Project reports; school visits Exhibitions, school visits, reports and presentations.	Students will be given a more active role in schools Activities identified and funded. Facilitators available.
GOVERNANCE AND MANAGEMENT: Education Management Information System (EMIS) expanded, including networking of schools	80 MOE staff, education officers and teachers trained by 2004 EMIS established and functioning by 2004	Project reports; improved collection and use of statistics	Training will include sensitization to the importance of collection, analysis and use of reliable data for all relevant stakeholders

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
School development (management) plans systematized and community participation expanded	School development (management) plans operational in all schools by 2003 Policies on community participation established by 2003	School development (management) plans; project reports	Plans generated from bottom up. Participation of all stakeholders
Improved communication and public awareness campaigns established	Improved strategy launched by 2002	Project reports	Transparency and public relations in place. Identify trained Operational Unit.
Project Management Unit established	PMU staffed and operational by 2002	Project Operations Manual; project reports	
Project Components/Sub-components:	**Inputs: (budget for each component)**	**Project Reports:**	**(from Components to Outputs)**
ACCESS: Construct one New Secondary School: • Contract supervisory consultants • Finalise design according to new curriculum areas • Prepare working drawings • Carry out tendering procedure, contract and construction • Procure and install furniture and equipment • Develop a comprehensive maintenance policy	US$2.49 million	Project Monitoring Report Environmental Impact assessment Report	Loan and counterpart funding will be available for all activities.
Construct Cafeterias in (6) Secondary Schools: • Finalize needs assessment • Procure and install furniture and equipment • Develop criteria for management and select personnel to manage the cafeterias (school choice)	US$0.55 million	Project Monitoring Report	

Project Components/Sub-components:	Inputs: (budget for each component)	Project Reports:	(from Components to Outputs)
QUALITY *Curriculum Enhancement:* Improve curricula for Forms 1-3 and provide accompanying instructional guides, textbooks and relevant materials • Revise existing curricula • Finalise core areas • Offer workshop on new format for curriculum • Ensure that all relevant resource materials are in place • Implement and monitor curriculum Train teachers in Priority Subject Areas: • Identify and finalize training needs • Identify institutions and final costing for fellowships Identify and establish Teacher Appraisal System: • Gain approval from government to use the new format • Establish and test pilot system in St. Kitts • Carry out workshop to sensitise all teachers • Implement new system	US$0.44 million	Project reports Curriculum guides and other documents Project reports Reports on piloting of system	

Project Components/Sub-components:	**Inputs: (budget for each component)**	**Project Reports:**	**(from Components to Outputs)**
Learning Resource Centers and upgrading of Facilities (Learning Spaces): • Identify and analyse existing spaces • Finalise rehabilitation and drawings • Select tools and equipment, based on international best practices, and distribute	US$1.81 million	Project Monitoring Reports; Site visits to verify preventative maintenance and on-going maintenance.	
Establish and implement Student Support Services: • Review existing LEC and LRD programmes and propose improved system to provide closer student supervision • Select candidates for fellowships • Analyse training needs and establish training program	US$0.29 million		
School-based Improvement Projects (SIPs) and Extra-curricular activities • Complete final manual and distribute to school communities • Design and carry out workshops to sensitise Principals, Teachers, Students and Parents • Establish Management Committee to oversee programme • Organize annual nationwide school exhibition of SIPs	US$0.34 million	School improvement project evaluation reports Reports on completed projects	

Project Components/Sub-components:	Inputs: (budget for each component)	Project Reports:	(from Components to Outputs)
GOVERNANCE AND MANAGEMENT: *Education Management Information System* • Evaluate, select and procure hardware and software. • Install hardware and Software. • Establish Network configuration • Test Equipment • Establish professional services for maintenance and trouble shooting • Develop training program for users • Link all schools to EMIS	US$0.30 million	**Project reports**	
Project Management Unit: • Secure all furniture and equipment • Fully engage staff • Fully engage Project sub-committees in all activities • Sensitize all stakeholders sensitized to project activities (Public Relations)	US$0.65 million	Project manager's reports Minutes of PAC meetings Project sub-committees reports	

Annex 1B: ST. LUCIA Project Design Summary

OECS Education Development Project

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Sector-related CAS Goal: Promote human development for long-term growth by augmenting the educated and skilled labor force	**Sector Indicators:** 20% increase in persons entering the labour force with the minimum academic qualifications and with basic skills to undergo job training Increase in the percentage of persons to enter institutions of higher learning	**Sector / Country Reports:** Social and Economic Reviews Manpower and Labour Force Surveys CXC examination results Population census	**(from Goal to Bank Mission)** Political will is sustained and stakeholders are committed to the goals of the education plan
Project Development Objective: Increase access to secondary education	**Outcome / Impact Indicators:** Transition rate to secondary education increased from 69% in 2001 to 82% by 2006 Net enrollment rate in secondary education increased from 64% in 2001 to 77% by 2006	**Project Reports:** Ministry of Education annual statistical reports	**(from Objective to Goal)** Post-project recurrent budgetary provisions are adequate, and financial management and efficiency measures will improve the generation of necessary resources
Improve the quality of secondary education	Gross completion rate for Form 5 increased from 72% in 2001 to 85% in 2006 Proportion of students passing at least 5 CXC exams increased from 27% in 2000 to 40% by 2006	Ministry of Education annual statistical reports CXC examination results	
Improve management of education in schools	Proportion of non-salary recurrent expenditure out of total recurrent expenditure increased from 13% in 2000 to 16% by 2006 Pupil-teacher ratio increased from 19:1 to 20:1 by 2006 (40% of teachers redeployed)	Ministry of Finance and MOE annual statistical reports Ministry of Education annual statistical reports	

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Output from each component:	**Output Indicators:**	**Project Reports:**	**(from Outputs to Objective)**
ACCESS: Two new Secondary schools constructed, two existing secondary schools expanded and 10 existing secondary schools rehabilitated	2,205 new secondary school places created and new schools fully operational by 2006 Rehabilitated facilities completed by 2004 and expanded facilities occupied by 2005	Project reports; school visits; furniture and equipment inventories; scheme and record of work	Supervising consultants will be contracted within the first semester to oversee final designs and bidding.
QUALITY: *Curriculum Enhancement:* Curricula improved for Forms 1-3 and accompanying instructional guides, textbooks and relevant equipment provided	Enhanced curricula in place and in use by 2003 Relevant equipment installed and in use by 2004	Project reports; school visits; furniture and equipment inventories; scheme and record of work	MOE will work in tandem with OERU to ensure compatibility with regional objectives
Teachers trained in priority subject areas	540 teachers trained in core curriculum issues by 2003 710* teachers trained in Information Technology and other emerging areas; 22 lab technicians trained to use new science equipment by 2003 2 library managers trained overseas and 18 trained locally in use of Resource Learning Centres by 2003	Project reports	
Continuous assessment strategies designed and adopted	Alternative assessment strategies in place and operational by 2004 4 teachers and Measurement Officers trained in overseas program and 162 Principals and Heads of Depts. Of secondary schools trained in school-based assessment, error analysis, performance assessment and remedial work by 2004	Project reports and school visits	

*The training in ICT represents efforts of other initiatives but complementary to the OEDP.

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Resource Learning centers and upgrading of facilities Learning spaces established or upgraded, including resource learning centres, Information Technology and science labs, technical shops, equipment and materials	8 new centers established, and relevant equipment installed to upgrade existing centers; all in use by 2004 Other IT and science labs upgraded and equipment and materials installed and in use by 2004	Project reports; school visits; furniture and equipment inventories	
Support services and Literacy and Numeracy Programs Support services to secondary school students expanded	68 staff trained in school social work, guidance, counseling and special education by 2003 8 counselors and social workers trained in overseas programs between 2003 and 2006 Textbook loan scheme established by 2003		
Literacy and numeracy enhancement programs established at the primary level	Pilot tested by 2003 and programs established in schools by 2004 Workshops offered to 56 teachers by 2003 25% increase in literacy and numeracy skills by 2006**	Project reports	
School-based improvement projects (SIPs) and School Development Planning School Development Planning operational in all schools and SIPs organized	School development training offered to 190 teachers, parents, students and school board members by 2002 SIPs designed and operating in all secondary schools by 2003	Project reports; school visits	Students will be given a more active role in schools

** Increase is based on the Minimum Standards Test mean for 2000: English 51.6% and Mathematics 25.9%

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
GOVERNANCE AND MANAGEMENT: Education Management Information System (EMIS) expanded	Improved EMIS established and functioning by 2003 120 principals, secretaries and education officers trained to access and use EMIS by 2003	EMIS; project reports	
District Offices strengthened to support improved management and governance of schools	All District Officers trained in secondary school management	School visits; visits to District Offices and DO reports; project reports	Management boards are installed and effective supervision in place
Project Components/ Sub-components:	**Inputs: (budget for each component)**	**Project Reports:**	**(from Components to Outputs)**
ACCESS: Construct two new secondary schools, expand two existing secondary schools and rehabilitate 10 existing secondary schools • Complete feasibility studies • Contract supervisory consultants • Finalize architectural and engineering designs • Develop a comprehensive maintenance policy	US$13.77 million	Project Monitoring Reports, Legal documents, Site visits	Counterpart funding will be available for all of the outlined activities
QUALITY: *Curriculum Enhancement:* Improve curricula for Forms 1-3 and provide accompanying instructional guides, textbooks and relevant equipment • Establish and pilot test new core curriculum • Procure and distribute materials and equipment • Implement and monitor curriculum	US$0.36 million	Project Monitoring Reports, Curriculum guides, School visits	

Project Components/ Sub-components:	**Inputs: (budget for each component)**	**Project Reports:**	**(from Components to Outputs)**
Train teachers in priority subject areas • Design new teacher training programs in core curriculum subjects and other relevant areas (IT, use of science labs and resource learning centers) • Coordinate agreement with DTEA for delivery of programs		Project Monitoring Reports, Training programs, Written agreement with DTEA, Site visits	
Design and adopt continuous assessment strategies • Develop revised Common Entrance Examination and other alternatives for continuous assessment • Organize and conduct training of selected teachers and Measurement Officers • Initiate development of a secondary school completion certificate		Project Monitoring Reports, Sample and revised examinations Training programs	
Resource Learning centers and upgrading of facilities Establish or upgrade learning spaces, including resource learning centres, Information Technology and science labs, technical shops, equipment and materials • Identify space and equipment needs • Prepare technical specifications for materials and equipment, based on a review of international best practices	US$1.80 million	Project Monitoring Reports, Site visits	

Project Components/ Sub-components:	Inputs: (budget for each component)	Project Reports:	(from Components to Outputs)
Support services and Literacy and Numeracy Programs Expand support services to secondary school students • Review existing compensatory and welfare programs and propose system to monitor disadvantaged students • Identify appropriate training for teachers, school social workers and counselors • Develop textbook loan scheme	US$1.01 million	Project Monitoring Reports, Program outlines, Training programs, Loan scheme guidelines	
Establish literacy and numeracy enhancement programs at the primary level • Analyze MST results and identify areas for remediation • Develop programs • Establish content for workshops		Project Monitoring Reports, Analysis report from Examinations Unit	
School-based improvement projects (SIPs) and School Development Planning Systematize School Development Planning in all schools and organize SIPs • Design SDP program and select participants for training • Establish Management Committee to oversee SIPs • Organize annual nationwide school exhibition of SIPs	US$0.46 million	Project Monitoring and Management Committee Repots, School visits, SIP proposals	

Project Components/ Sub-components:	**Inputs: (budget for each component)**	**Project Reports:**	**(from Components to Outputs)**
GOVERNANCE AND MANAGEMENT: Expand Education Management Information System (EMIS) • Evaluate and select EMIS software • Procure hardware and software • Establish professional services for maintenance and trouble shooting • Develop training program for users • Link all schools to EMIS	 US$0.26 million	 Project Monitoring Reports, Site visits, Training program	
Strengthen District Offices • Review role of District Education Officers • Carry out a needs assessment of equipment, materials and infrastructure • Develop training program, including study tours	US$0.61 million	Project Monitoring Reports, Site visits, Reports on training and study tours	
Project Management	US$0.56 million		

Annex 2A: Detailed Project Description for St. Kitts and Nevis

OECS Education Development Project

The education strategy of St. Kitts and Nevis has been formalized in its Long Term Education Plan ("Learning and Growing", 1998) covering 1998-2011. In secondary education, some of the main recommendations are to: (a) enhance school access in rural areas; (b) improve the teaching and learning process, particularly in the delivery of the science and technology curriculum; (c) enhance the learning environment of the school through improved guidance and counseling services, and more extra-curricular activities, physical education and sports and (d) increase the interaction between school and the world of work.

The general objectives of the proposed project are to:

- Increase access and equity in secondary education, particularly in poor rural communities.
- Improve the learning environment in secondary schools through the provision of better facilities for teaching and learning, better trained teachers in specialist areas, and curricula and programs to prepare students for coping in a technological society.
- Increase the capacity of schools to provide for the needs and interests of youths.
- Upgrade the planning, management and information processing capabilities in the Education System.

In the pursuit of these objectives, the project will seek to improve the efficiency of the education system through better allocation and utilization of both physical and human resources. Every effort will be made to improve the student-teacher ratio in secondary schools by redeployment of teachers wherever possible. Teacher appraisal systems and teacher-training initiatives will be closely related to project curriculum reform initiatives, including initiatives in science and technology. Curriculum reform efforts will also be closely linked with other curriculum developments occurring in the system, including the reforms associated with the National Certificate of Education (NCE) and efforts to improve teachers' classroom assessment practices. The objectives under the project would be achieved by implementing the following three project components:

By Component:

Project Component 1 - US$3.04 million
Increasing Equitable Access:

1.1 Construction of a new secondary school in St. Kitts and provision of equipment, furniture and materials (US$2.49 million)

One of the objectives of the Long Term Education Plan for the Ministry of Education (MOE) is to improve access to secondary education in rural communities. Under this component, a new secondary school will be built at Saddlers Village to serve the feeder primary schools of Estridge, Edgar T. Morris at Tabernacle, Saddlers and Dieppe Bay. The first three schools feed into Cayon High School, with three other primary schools, while students from Dieppe Bay School currently transfer to Sandy Point High School.

Issues of access and equity have emerged as they relate to the extent to which the Cayon High School can adequately serve all the children in its current catchment area. Cayon High School serves the largest geographical area when compared to the other secondary schools in St. Kitts. Children travel to school at mornings on school buses. However, the distance between these villages and the Cayon and Sandy Point High Schools require that children have to be on the road from about 7:00 a.m. to catch the school buses, arriving to school before 7:30 a.m. School does not begin until 8:30 a.m., so school children are waiting around for the start of school, one hour later, and there is too much opportunity for them to engage in mischief while they wait.

The results of a recent ***Poverty Assessment Report – St. Kitts and Nevis*** show that the highest percentage of persons who have not attained any form of education certification is found in the poor rural communities. Two of the parishes served by the Cayon High School were reported to have the highest rate, with the village of Saddlers being the largest community in one of these parishes. These areas are in the heart of the sugar lands in St. Kitts and hence, the majority of parents in this area are sugar estate workers and are in the low- income bracket. A large percentage of children from the Estridge to Dieppe Bay feeder schools often end up in the lower streams or transfer to Form 1 at the high schools, as they compete with students from other feeder schools for placements. The self-fulfilling prophesy then steps in. For example, less than 30 % of the students who transferred from these feeder schools to Cayon High School in 1996 were entered for CXC Exams at either the Basic or General Proficiency levels in the June 2001 examinations. The majority had to settle for the national school leaving examinations, thus affecting their possibilities for further study or access to well paying jobs in the labor market.

Although inadequate teacher training may account for some of the problems experienced in dealing with these children, many of the problems cannot be addressed merely by teacher- training interventions. It is reasonable to suggest that provision of a secondary school to service these primary schools would provide improved community participation in their children's school activities and improved self-esteem for the students, leading to improved performance.

A school mapping exercise showing the number of students who entered kindergarten in each feeder school from 1996 to 2002, and the number of students transferring to the Cayon and Sandy Point High Schools during the said period, shows that the roll of the new secondary school can be estimated to be maintained at between 350 to 400 students in Forms One to Five.

Finally, provision of a new secondary school will relieve much of the pressure at Cayon and Sandy Point High Schools. Following the passage of Hurricane Georges in 1998, a number of temporary wooden classrooms were built. Some construction work is currently being undertaken to address this problem. The provision of a new secondary school would enable some classroom space to be freed up to accommodate new initiatives such as the establishment of learning resource centers and other space requirements for special purpose rooms, resulting from curriculum reform efforts under this project.

Project Outcome: A new secondary school in Saddlers will be constructed for approximately 350 students. The school design will follow approved international design guidelines and space standards. The average area per student would be between 70 and 80 square feet. The school will be fully furnished and equipped, with learning spaces and layout to reflect the requirements of OECS curriculum reform initiatives for secondary education. The tentative proposal is as follows:

Saddlers High School	Number	Unit area	Square feet	Cost EC$	Cost US$
Class rooms	14	576	8064	$1,209,600.00	$456,452.83
Computer lab	1	750	750	$112,500.00	$42,452.83
Sciences Lab	2	864	1728	$259,200.00	$97,811.32
Stock room	1	576	576	$86,400.00	$32,603.77
Art rooms	2	750	1500	$225,000.00	$84,905.66
Home management	1	864	864	$129,600.00	$48,905.66
Technical Workshop	1	864	864	$129,600.00	$48,905.66
Offices	7	120	840	$126,000.00	$47,547.17
Staff room	1	864	864	$129,600.00	$48,905.66
Learning Resource center	1	1000	1000	$150,000.00	$56,603.77
Cafeteria	1	960	960	$144,000.00	$54,339.62
Toilets	2	260	520	$78,000.00	$29,433.96
Showers	1	260	260	$39,000.00	$14,716.98
Lockers	2	380	760	$114,000.00	$43,018.87
Total			19550	$2,932,500.00	$1,106,603.77
Circulation	30%		5916	$887,400.00	$334,867.92
TOTAL			25466	$3,819,900.00	$1,441,471.70

By student square feet			72.76		
In square meters			6.759405663		

Architectural services	15%				$216,220.75
Site Development	5%				$72,073.58
TOTAL					$1,729,766.04

Implementation Arrangements: The Project Management Unit (PMU) will coordinate oversight of the construction of the new school with the assistance of a Project Advisor for Civil Works. The Government's Public Works Dept. will monitor the quality of the project. All work will be carried out by a consulting firm to be contracted using international bidding procedures acceptable to the Bank.

1.2. Introduction of cafeterias in secondary schools in St. Kitts (US$0.55 million)

Presently, the School Meals Programme caters to all students at the primary level (4,630 students) and 100 students at the secondary level. The current situation in secondary schools has led the GSKN to the conclusion that there is a need to extend the coverage of the School Meals Programme to include all secondary schools in St. Kitts. This will not only help to improve nutrition but also assist parents who work in the cane fields and on the industrial sites in providing one meal each day for their children.

In order to facilitate the expansion of the School meals Programme, the Government is seeking to construct six (6) cafeterias in the six (6) high schools in St. Kitts.

Project Outcomes:

Financing for this component will be used to construct or refurbish existing spaces as cafeterias, and to provide basic equipment and furniture for efficient management and use. The School Cafeterias in the high/secondary schools aim to provide students with a well-balanced meal at least once per day. Specifically, the outcomes will be the following:

- To provide meals to students whose families are in the Low Income bracket; it is estimated that about 180 students would received free or subsidized meals;

- To increase the likelihood that students would stay on the schools' compound;
- To help in the decrease of malnutrition among our youth;
- To provide the means by which students would gain work experience and exposure to business processes, by participating in the running of the cafeterias, and
- To provide gainful employment in the private sector.

Implementation arrangements:

The Ministry of Education will be ultimately responsible for operation of the cafeterias. A small committee consisting of a Cafeteria Coordinator, a Dietitian and two other persons would vet applicants (school or private person) as to determine their capacity to operate the cafeteria and would supervise the daily operation and quality. Mechanisms will be established to provide the necessary guidelines for management and supervision of the cafeterias, either as privately–run or school-run business enterprises.

The Government of St. Kitts and Nevis will establish a fund to subsidize meals for the students who may need such help. Eligibility criteria would be developed ($2,000 or less income per household) and would include the inputs of Guidance Counselors and the Community Affairs Department. Recovery co (estimated at US$76,000) would be collected from the rental of the Cafeteria facilities that will cover part of the cost of the subsidized meals (estimated at US$108,000 total for the six schools).

Project Component 2 - US$2.88 million
Improving the Quality of Teaching and Learning

2.1. Development of Curriculum for Forms I –III and provision of instructional guides, textbooks and other resource materials; training of trainers/ educators in select areas, including fellowships and development of a coordinated Teacher appraisal system (US$0.44 million)

This component will be implemented in close collaboration with the other OECS project countries. Activities will be centered around the development of a curriculum for the lower secondary level, the basis of which was agreed at a Sub-Regional Workshop on Curriculum Reform held in St. Lucia in February 2002.

The agreed common core curriculum and electives at the lower secondary level comprised of seven core subjects and three common elective areas. Integration of science and technology into the delivery of the curriculum will be of paramount importance. Actions will be taken to develop and implement the core and elective curriculum, once the nature, form, and content is determined. It will be necessary to:

- Seek endorsement of the key areas from all stakeholders.
- Elicit suggestions on details of content and delivery of the programme. The aim is improvement of the quality of education at the secondary level.
- Seek ratification at the policy level regarding linking of curriculum reforms with other initiatives, such as the developments for the N.C.E. reforms.
- Have technical people work out the following details:
    - (a) team writing of curriculum
    - (b) definition of resource implications
    - (c) definition of implications for teacher training and assessment.

Project Outcomes:

- Curriculum guidelines for core subjects and electives at the lower secondary level
- Curriculum that is clearly articulated with other curriculum reform initiatives.

- Trained teachers in specific subject areas.
- Teacher appraisal system that is consistent with curriculum expectations and best practices.
- A wide range of texts and other teaching – learning resources, including technological resources, that are available for to support curriculum implementation.

Five of the core subject areas namely English, mathematics, Social Sciences, Integrated Science and a Foreign language require teachers with specialist training in the area. Fellowships will be provided for at least one person in each of these areas to receive regional training up to post-graduate level. These persons will serve as trainer of trainees (teachers in the above-named core areas in each secondary school).

The other two core subject areas would be Information Technology and Personal development. Information technology will require training for one specialist (8 schools) and in - service training for all other teachers who are not computer literate (approximately 200). Personal Development will include Physical Education, health and family Life Education, Moral and Religious Instruction, and Guidance and Counseling. These will involve various teachers who will require in-service training.

The common electives will be Integrated Technology, the Creative and Performance Arts, and a second Foreign Language. Each elective will require persons trained as trainer of trainees who will provide in-service training for subject specialists teachers. Thirty- two (32) teachers and 8 principals will be trained as resource persons in the management and use of Learning Resource Centers and new Science labs.

A teacher appraisal system will: (i) ensure that an appropriate and effective system is available for the evaluation of teacher and (ii) provide a continuous assessment of teachers.

Implementation Arrangements:

The Curriculum Development Unit in the MOE will be in charge of the curriculum development and the training of teachers. Curriculum writing teams will be established and will work on preparing guidelines for the core subjects and electives. The project provides for purchase of textbooks and other resources for the delivery of curriculum, as well as in-service teacher training workshops and fellowships.

For the teacher appraisal system a pilot scheme will be implemented in May 2002 and will target all teachers in primary and secondary education. Annual training seminars will be organized to update all new teachers on the appraisal system. Software would be developed to integrate the results of the appraisal of the teachers and the information about the results will be maintained. The Personnel Officer will be in charged of the implementation of this component.

2.2. Establishment of Learning Resource Centers and Expansion and Upgrading of selected learning spaces, including science and IT labs, in seven (7) schools in St. Kitts and Nevis (US$1.81 million)

Learning Resource Centers

Continued enhancement in the learning environment of the existing seven secondary schools is a priority. It is an age when fundamental change is taking place in the nature of literacy and instruction; and where new technologies are transforming the way students acquire literacy and literacy instruction. The establishment of Learning Resource Centres in each secondary schools will provide an environment for the synthesis of learning experiences through the variety of multi-media resources, equipment and facilities that will be brought to bear on the teaching-learning situation. It is a recognized fact that digital communication and multi-media technologies bring to the students, the world of knowledge unavailable through the traditional print or classroom libraries. The availability of free Internet access from Cable

Television provider (in St.Kitts & Nevis) makes such access possible. Such learning spaces will facilitate every pattern of instruction and seeks to cater to the differing individual intellectual capabilities, abilities, interests, levels and needs. Thereby encouraging the adaptation of the teaching-learning processes to the new realities in the changing demands of the school curricula.

Curricular demands that require new forms of critical thinking, reasoning, composing, navigational knowledge, strategies, and skills as required for efficient use of the computer, which is now a familiar tool in the schools' learning environment. The presence of Learning Resource Centers would promote the development of skills and competencies that encourage the mastery of research skills. This is an essential skills-need emerging with the departure from traditional approaches to teaching and learning; and that came with the advent of current curricular School Based Assessment and the Research type assignments.

This diversity of multi-media resources with their accompanying equipment, organized for easy accessibility and use; and the presence of qualified staff, would combine to offer maximum opportunities for learning. Their efficiency and effectiveness is assured as the need for the existence of trained staff to man these spaces and offer professional and meaningful service to users has been accepted. The need for this level of training and professionalism has been recognized as there has been a Government commitment to training of staff. Eight (8) librarians and eight (8) information technology specialists will be trained through a combination of on line training and training sessions abroad.

Expansion and upgrading of learning spaces

The present situation reveals that most of the learning spaces need to be redesigned or relocated to meet the demands of a developing society and a discriminating clientele. Further, in order to be functionally literate and numerate, computer literate and in essence to be empowered with the knowledge, attitude and skills of the 21st century, requires that all our people be exposed to the necessary tools and become connected.

The development and re-organization of this sector is most important, especially when one recognizes that the nature of today's workplace is different from that of the past. The workplace is now characterized by global competition, new technologies, and new management processes that require workers to have critical thinking, problem-solving and communication skills as well as advanced levels job skills. Therefore, the upgrading, expansion and re-equipping of the various learning spaces are needed at this time to contribute and to support this refocusing of efforts in regards to teaching and learning. It will facilitate empowerment, by exposing our young people to the environment and tools of the industry and the future. This requires in essence that the principals, teachers, students, parents and the community recognize the school as Quality Assurance Centers. Further, it is thought that parity must exist at all levels thereby affording students sustained technological and scientific support and opportunities.

The Rehabilitation will include the following:

- Redesigning of internal space of all Science labs;
- Constructing a new Biology lab at the Basseterre High School;
- Creating space/redesigning space for Music Labs;
- Redesigning of internal space of Computer labs, Language labs, Business Studies centers and some Technology shops;
- Procurement of essential tools and Equipment

Project outcomes:

- Better prepared and equipped students with appropriate skills
- On-site location of resources facilities providing ease of access to resources.

- A technologically friendly learning climate/environment in which the multi-sensory approach to learning is enhanced.
- Students and teachers are provided with opportunities to develop familiarity with instructional technology that is fast-becoming part of their daily experiences.
- Teachers can gain or enhance skills in use of multi-media and digital technology resources and to develop their technological competence and confidence
- Provision of necessary curriculum support
- Fostering skills for independent-learning (a life long benefit)
- Provision of a cadre of trained Librarians and Information Technology Specialists
- All Teachers and Students will be exposed to the environment and tools of the industry

Implementation arrangements

The PMU, in coordination with the Committee who prepares this component, will be in charge of implementation. The Committee will work with school principals to establish the design, set-up and use of the spaces.

2.3. Elaboration of Program to Support Participation of Disadvantaged Students, and related teacher development in special education (US$0.29 million)

The Learning Enrichment Centres (LEC) in the primary schools and the Learning Support/Remedial Departments (LRD) in the secondary schools presently all aim to support students who are experiencing learning difficulties especially in literacy and numeracy. LEC and LRD lack adequately trained personnel and resources.

The project will support the training of a Remedial Recovery Tutor for the new Early Identification/Early Intervention policy from OERU and the Reading Recovery Programme. This will enable students to receive more structured support at Grade 1 and therefore return more students to mainstream classes.

The LRD aim to provide support in all curriculum areas but again with special emphasis on reading. To this end the project will provide a reading program and additional resources for each school.

In addition the project will provide in-service training in Learning Support for teachers of both Learning Support and mainstream classes and encourage the development of more effective Learning Support through additional training for School Management Teams and Education Officers. The training of specialists in Specific Learning Disabilities and Mathematics Recovery will provide diagnostic opportunities and support for individual students through the development of Individual Education Plans (IEPs).

Project outcomes:

- Students from the Learning Support Departments (about 10% of total enrollment in secondary schools) will receive education and training designed to meet their individual needs. About 90% of this target group will show improvement of two levels in the reading assessment (MICO) per year.
- Students with Specific Learning Disabilities (dyslexia and dyscalculia) in both the Learning Support Departments and mainstream classes will be diagnosed and offered tutorial support.
- Teachers (about 48) with additional skills and resources will offer early intervention to students experiencing reading difficulties in primary schools.
- Increased security will ensure that this investment in resources can be maintained.
- More equitable access will provide more varied learning experiences for Learning Support classes.

Implementation arrangements:

The Coordinator for Learning Support (a position already created in the MOE) will be in charge of this programme. Most of the training will be in-service training provided within country. Three teachers will attend university overseas to follow studies in: (i) Reading Recovery; (ii) Specific Learning Disabilities; and (iii) Mathematics Recovery.

2.4. Organization and provision of school-based improvement projects and extra-curricular activities (US$0.34 million)

This component seeks to provide opportunities for each school to design school improvement projects to address special problems that the school has been experiencing, particularly problems that relate to students' learning. Under this component, funds will be provided annually to each school in St. Kitts and Nevis that presents projects that have the potential for finding real problems that are being experienced by schools. Projects should be linked to the overall school development plan. In addition, because of their emphasis on the involvement of the community in the project, school improvement projects have the potential to promote better communication by reinforcing and increasing the level of partnership among the various stakeholders in the education system.

In addition, under this component, funding will be provided to support extra-curricular activities promoted by the youth in each school. Extra curricular activities will be designed to:

- improve the quality of education offered to young people
- make the school the centre for change
- fund developmental programmes geared specifically to addressing the needs of the youth sub-culture; those needs to be determined by the young people themselves.

Project Outcomes:

School improvement projects and extra-curricular activities are intended to introduce a measure of decentralization in school administration. The objective is to strengthen the capacity of schools to cope with autonomy and innovation and so promote a change in the organizational culture of schools.

Implementation Arrangements:

An Operating Manual details the selection criteria and all the implementation arrangements.

Each year each school will present one proposal for a School Improvement project (SIP) and Extra Curricular Activities (ECA). The School Improvement Projects will be prepared by the teachers in each school and selected by the School Management Team. The Extra Curricular Activities will be prepared by the students and selected by the School Management Team. Projects will be selected based on the quality of the proposals submitted and their capacity to motivate at risk students to remain in school. It is hoped that in implementing this plan, leadership potential would be developed and positive values and mutual self-esteem among young people would be enhanced.

About US$300,000 will be available for schools (approximately $7,500 per school per year) over the five years of the project of which 60% will go to School Improvement Projects and 40% for Extra Curricular Activities.

The MOE is responsible for the final approval of SIPs and ECAs. The Chief Education Officer will be responsible for supervising on an on-going basis the implementation of the SIPs and ECAs.

Project Component 3 – US$0.30 million
Improved Governance and Management in the Education System

3.1. Expansion of the Education management Information System (EMIS), including networking of schools and EMIS training (US$0.30 million)

The decision on the expansion of the EMIS arose out of concern generated through a study done in 1997. Among many others, the following problems were evident:

1. The mechanism for providing and analyzing data on various aspects of the Ministry's operations was inadequate. The ability of the Ministry to quantify its overall investment in education was questionable. Arising out of this was the question as to whether resources were equitably distributed across schools and across levels of education.

2. The extent to which teacher qualification affected or contributed to learning outcomes was undetermined. At the same time, performance of students on CXC Secondary School Examinations and on Primary School Tests of Standards fluctuated widely across schools.

3. The overall capacity for management in schools needed drastic improvement and support through the provision of the necessary infrastructure.

The Ministry recognizes that the lack of relevant and accurate and timely information can impede the formulation and implementation of appropriate and relevant policies. The Ministry also wishes to place renewed focus and emphasis on school management. It is with this in mind that the Ministry has proposed to expand the EMIS.

The expansion of the EMIS involves the following:

- The establishment of a network linking schools in St. Kitts and Nevis, colleges and the MOE.
- Acquisition and installation of one computer per school as a node on the network.
- Acquisition and installation of software for the EMIS.
- Provision of training for school officials and EMIS staff at varying levels of expertise.

Project Outcomes:

- A Ministry-wide network with a server at the Ministry and a workstation in every school.
- EMIS staff and school officials will be appropriately trained at varying levels of expertise.
- Relevant, complete and current data on various aspects of education will be provided to a variety of stakeholders on a timely basis, including statistical data, budgetary and financial data, information on curriculum guidelines, textbooks, as well as other resources.
- The Ministry will devise policies with an improved level of relevance and pro-activity.
- Communication and collaboration among education officials and among schools will be vastly improved.
- School management policies will be data-driven and more goal-oriented.
- The EMIS will evolve into a *knowledge network* supporting both school and Ministry officials.

As a result of the expanded EMIS there will be: (a) improved systematization of school planning, including participatory school performance assessment and greater inclusion of community participation; and (b) improved governance through effective budget planning and management, strengthened accountability and an increase in efficiency of the education system.

Implementation arrangements:

The Director of the EMIS and the unit in the MOE will be in charge of implementing this component.

Project Component 4 - US$0.65 million

4.1. Establishment of an efficient Project Management Unit (US$0.65 million)

The Ministry of Education has had recent experience in managing a major capital project funded by the Caribbean Development Bank. This is the first World Bank-funded project to be managed by the Ministry of Education. The Project Management Unit (PMU) will be based in St. Kitts and all procurement of project goods and services will take place in this PMU. The PMU staff comprises a Project Manager, a Procurement Officer, an Accountant, an Accounts clerk and an Administrative clerk. The Project Manager is responsible for the management and supervision of the operations of the PMU and coordination with the Nevis Coordinator and Nevis MOF representative. The Permanent Secretary for the Ministry of Foreign Affairs and Education will undertake direct supervision of the PMU.

Project Outcomes

The project will provide opportunities for training and capacity building, particularly in relation to project management/ coordination, accounting and procurement. Provision is made under this component for payment of private architectural and engineering consultants, as well as financial auditors.

This component also includes the development and implementation of an efficient communication and public awareness system for the project.

Annex 2B: Detailed Project Description for St. Lucia

OECS Education Development Project

The education strategy of St. Lucia has been formalized in its five-year "Education Sector Development Plan (ESDP)-2000 to 2005 and Beyond," adopted in the year 2000. This plan was designed through a very participatory approach involving the whole civil society and sought to define strategies to achieve national, regional and international targets in education. The main objectives of the plan for secondary education are to (a) increase access to secondary education, reaching universal coverage by 2005; (b) improve the quality of secondary schools through a general improvement in the facilities and the provision of relevant support teaching/learning materials and equipment and (c) refocus on student-centered learning and provision of classroom instructional methods, supported by appropriate space, equipment and materials, to be directed towards meeting that objective.

The OECS Education Development Project (OEDP) may be viewed as a sequel to the Basic Education Reform Project (BERP), which was financed by the World Bank, the Caribbean Development Bank and the Government of St. Lucia. It will be implemented in tandem with the Basic Education Project 2 (BEP2) funded by the Caribbean Development Bank and the Government of St. Lucia. The BERP has laid the foundation for reform of basic education provisions at the primary and secondary school levels. The achievements of that project and the anticipated outcomes of BEP2 will pave the way for strategic focus on achieving the national goal of providing Universal Secondary Education (USE).

The OEDP is aimed at laying the basis for the attainment of USE. The Ministry has sought to ensure the widest participation of stakeholders in the conceptualization and design of the project. The objectives to be pursued under the OEDP are rooted in the Education Sector Development Plan for St. Lucia. The overall objectives of the project are to improve access and equity, and to ensure greater quality and management support for secondary education.

The specific objectives of the OEDP are to:

- Provide equitable **access** to secondary education by constructing new schools and by expanding and rehabilitating select schools in under-served areas;
- Improve **quality** at the secondary school level by focusing on: (a) curriculum reform, teacher training and improved student evaluation, including continuous assessment; (b) enhancing learning spaces, and (c) implementing programs to support participation of disadvantaged children, including social and welfare support; and
- Strengthen the **management** of the sector through: (a) the establishment of an EMIS, (b) capacity building at the district level to provide better support to the schools, (c) achievement of greater equity in resource distribution among schools.

These objectives would be achieved by implementing the following project components:

Project Component 1 - US$13.77 million
Increasing Equitable Access

1.1. Construction of new schools (US$9.50 million)

This sub-component of the project seeks to provide an additional 1,400 new secondary school places. The main activity is the construction of two secondary schools in areas of greatest need. Decision on the location and eventual size of school have been based on objective criteria, which include the results of a School Location Planning Study, conducted by the Ministry of Education, HRD, Youth and Sports in 2002. The recommendations were based on the need to reduce the current inequity in access to secondary education, to increase the efficiency of use of available resources and to reduce the travel costs incurred by traveling long distances to attend school.

The report on School Location Planning *(see Attachment I of St. Lucia's project design in the Project Files)* identified four districts in which the need for additional secondary school places is most critical, namely: Anse La Raye, Gros Islet, Micoud and Dennery. These areas are grossly under-served making it difficult and expensive for students there to access secondary schooling. The required school places in Dennery and Micoud will be addressed through the expansion, upgrading and rehabilitation of existing schools in these districts. However new secondary schools each with a capacity for 700 students are proposed to address the demands in Gros Islet and Anse La Raye.

Implementation Arrangements

A feasibility study and environmental impact assessment on each site has been conducted to determine their suitability and to delineate the cost and characteristics of the schools. The preliminary designs will be informed by the approved Design Guidelines for Education Facilities and the secondary education curriculum reform developments. The Design Guidelines is expected to be completed prior to project effectiveness and will serve as a manual of building standards for the construction/rehabilitation of education facilities.

For each new school, the Project will finance:

- Feasibility and Environmental Impact Studies,
- Technical assistance for architect and engineering planning and designs, and
- Civil works.

Tables I and II provide a detailed cost by accommodation schedule for the proposed Anse la Raye and Gros Islet secondary schools respectively. Attachment VIII of the St. Lucia project design in the Project Files provides further details on the schedule of accommodation, furniture and equipment requirements for these new schools.

Table I

Anse La Raye Secondary	Quantity	t Net areas	Square feet	Cost EC$	Cost US$
Auditorium	1	7220	7220	$974,700.00	$361,000.00
Canteen	1	1440	1440	$194,400.00	$72,000.00
Class rooms	20	576	11520	$1,555,200.00	$576,000.00
Computer lab	1	864	864	$116,640.00	$43,200.00
Learning Resource Center	1	1152	1152	$155,520.00	$57,600.00
Principal office	1	288	288	$38,880.00	$14,400.00
Vice Principal	1	144	144	$19,440.00	$7,200.00
Reception	1	144	144	$19,440.00	$7,200.00
Bursar's office	1	144	144	$19,440.00	$7,200.00
Guidance Counsellor	1	144	144	$19,440.00	$7,200.00
Science Lab	3	864	2592	$349,920.00	$129,600.00
Science Prep room	1	288	288	$38,880.00	$14,400.00
Sick bay	2	288	576	$77,760.00	$28,800.00
Staff Room	1	864	864	$116,640.00	$43,200.00
Store Rooms	2	288	576	$77,760.00	$28,800.00
Toilets Students 15	2	432	864	$116,640.00	$43,200.00
Toilets Teachers 5	1	288	288	$38,880.00	$14,400.00
TVET Workshops	5	864	4320	$583,200.00	$216,000.00
Total			33428	$4,512,780.00	$1,671,400.00
Circulation	30%		10028.4	$1,353,834.00	$501,420.00
TOTAL			43456.4	$5,866,614.00	$2,172,820.00

By student square feet	62.08057143	
In square meters	5.767286504	

Architectural services	12%	$260,738.40
Site Development	5%	$108,641.00
TOTAL		$2,542,199.40

Table II

Gros Islet Secondary

	Quantity	t Net areas	Square feet	Cost EC$	Cost US$
Auditorium	1	7220	7220	$974,700.00	$361,000.00
Canteen	1	1440	1440	$194,400.00	$72,000.00
Class rooms	23	576	13248	$1,788,480.00	$662,400.00
Computer lab	1	864	864	$116,640.00	$43,200.00
Learning Resource Center	1	1152	1152	$155,520.00	$57,600.00
Principal office	1	288	288	$38,880.00	$14,400.00
Vice Principal	1	144	144	$19,440.00	$7,200.00
Reception	1	144	144	$19,440.00	$7,200.00
Bursar's office	1	144	144	$19,440.00	$7,200.00
Guidance Counsellor	1	144	144	$19,440.00	$7,200.00
Science Lab	3	864	2592	$349,920.00	$129,600.00
Science Prep room	1	288	288	$38,880.00	$14,400.00
Sick bay	2	288	576	$77,760.00	$28,800.00
Staff Room	1	864	864	$116,640.00	$43,200.00
Store Rooms	2	288	576	$77,760.00	$28,800.00
Toilets Students 15	2	432	864	$116,640.00	$43,200.00
Toilets Teachers 5	1	288	288	$38,880.00	$14,400.00
TVET Workshops	3	864	2592	$349,920.00	$129,600.00
Total			33428	$4,512,780.00	$1,671,400.00
Circulation	30%		10028.4	$1,353,834.00	$501,420.00
TOTAL			43456.4	$5,866,614.00	$2,172,820.00

By student square feet			62.08057143		
In square meters			5.767286504		

Architectural services	12%				$260,738.40
Site Development	5%				$108,641.00
TOTAL					$2,542,199.40

1.2. Expansion, upgrading and rehabilitation of existing facilities (US$4.27 million)

Part of the effort towards achieving universal secondary education will involve the expansion of selected existing facilities to optimize capacity. The project will also upgrade Grand Riviere Senior Primary School to a full-fledged secondary school thus eliminating the last vestige of the senior primary school arrangement.

Sections of the existing school plants (including staff and student toilets) in dilapidated conditions will be rehabilitated and all temporary structures will be replaced (consists mainly of timber buildings on school compounds used as classrooms). To facilitate secondary education reform, it is expected that certain critical facilities such as science laboratories, and Learning Resource Centres will be provided in schools where they are absent.

Implementation Arrangements

Schools are selected for extension and rehabilitation on the basis of agreed eligibility criteria, which include the following:

- Projected Net Enrolment Ratio by District;
- Number and condition of existing school facilities,
- Availability of land for extensions, and
- Poverty index.

The Clendon Mason Secondary School will undergo significant rehabilitation. Provision will also be made for 105 additional places. The Grand Riviere Senior Primary School will be upgraded to full secondary school status via significant enhancements in its programme offerings and facilities. The school will also be expanded to provide a total of 700 secondary school places. Thus, through expansion and upgrading the project will realize the creation of 805 places at the secondary level and will complement the construction of new secondary schools to help realize a total of 2,205 new school places.

Table III presents the anticipated student enrolment after expansion of the Clendon Mason Secondary and the upgrading and expansion the Grand Riviere Senior Primary schools.

Table III

SCHOOL	PRESENT CAPACITY	ADDITIONAL PLACES TO BE CREATED	ENROLMENT AFTER EXPANSION
Clendon Mason Secondary	595	105	700
Grand Riviere Sn. Primary	420	280	700
TOTAL	**1,015**	**385**	**1,400**

Under this project sub-component the Ministry will also undertake major rehabilitation of the following ten schools:

a. Corinth Secondary
b. Bocage Secondary
c. Castries Comprehensive Secondary
d. Micoud Secondary
e. Vide Bouteille Secondary
f. Clendon Mason Memorial Secondary
g. Choiseul Secondary
h. Entrepot Secondary
i. Vieux Fort Comprehensive - Campus A
j. Vieux Fort Comprehensive - Campus B

As far as possible, approved Design Guidelines for Education Facilities would inform the rehabilitation of schools.

Funds will be provided under this sub-component to finance:

- Technical assistance for architect and engineering planning and designs;
- Civil works – renovation and repairs, and construction of new facilities;
- The development of a comprehensive maintenance policy for secondary schools.

Attachment VIII of St. Lucia's project design in the Project Files provides additional information on the learning spaces, equipment and furniture to be provided in expanded and upgraded schools.

Project Component 2 - US$3.63 million

Improving the Quality of Teaching and Learning

2.1. Development of new curricula for lower secondary, teacher training, instructional supervision and assessment (US$0.36 million)

Curriculum Reform

Curriculum development is a vital part of the set of activities designed to improve the quality of education and to render the education system responsive to the social and economic needs of the country. With rapid socio-economic change, existing curricula have to be revised periodically to bring them into line with the demands of the economy and new educational priorities.

At the upper secondary level (Forms IV and V), children generally follow a standardized regional curriculum developed by the Caribbean Examinations Council (CXC). No standardized curriculum has been developed for the lower secondary level (Forms I – III). Schools have by and large developed their own curriculum for the lower secondary level. Consequently, there are significant variations among schools in the curriculum offerings at the lower secondary level, which presently has devolved into a fragmented curriculum structure comprising up to fourteen subjects.

The Ministry's vision for a revitalized secondary curriculum involves not only upgrading and harmonizing the knowledge content of the curriculum but also incorporating elements that were formerly considered "extra-curricula" and focusing also on the development of the appropriate attitudes, ethics and work disposition of students in relation to the particular discipline. For example, the business subjects should include mandatory participation in the Junior Achievers Program, work attachments, an element of community service, etc.

Implementation Arrangements

The Ministry is seeking to develop a standardized core curriculum for the lower secondary level. St. Lucia recently hosted a regional workshop on the development and harmonization of core curricula for the lower secondary. The workshop was organized by the World Bank and involved OECS countries and the OECS Education Reform Unit (OERU). At the same time, the Ministry is spearheading discussions with CXC on the possible extension of the CXC program to cover the lower secondary level.

The Deputy Chief Education Officer for Instruction will spearhead the development of the new curriculum in Saint Lucia in collaboration with regional efforts. Teams comprising competent teachers, and leading educationists (including the Caribbean Examinations Council) will be formed and charged with the responsibility for developing the new curriculum. Provision of instructional guides and textbooks and teacher training/orientation to new curricula will be part of this initiative.

The OEDP will finance:

- Technical assistance and national consultations on the design of the core curriculum for lower secondary schools.
- National workshop to flesh out the content of the core curriculum.
- Implementation of the new curriculum in schools. This would involve workshops for teachers and principals, selection of textbooks, and provision of courseware.
- Local training in instructional supervision for Curriculum Officers and Heads of Departments.

In support of the new curriculum, the Ministry will institute appropriate mechanisms to monitor its implementation. Greater effort in instructional supervision will be required from Curriculum Officers and Heads of Departments in secondary schools. The national examinations will be reformed to provide a more comprehensive profile of the student's overall progress and development.

Teacher Training

Staff projections point to the need for an additional 90 secondary school teachers by 2006 to meet the increase access to be provided under the OEDP. This number was arrived at on the basis of the current 1:20 teacher-student ratio. However, actual new recruits should comprise 60 percent of this number (54) with the remaining 40 percent comprising teachers redeployed from primary schools. The Ministry therefore, will upgrade the content competencies of primary school teachers who will be displaced by the constricting primary enrolment especially at the senior grades to allow for their redeployment to secondary schools.

Implementation Arrangements

The Division of Teacher Education of the Sir Arthur Lewis Community College has been mandated to coordinate all teacher education and training. The Ministry will collaborate with the College in the design of training programmes and the selection of participants. The existing **OECS/EDF/UWI/TLIU**[3] secondary teacher-training programme will be expanded to deliver some of the teacher training necessary to support the secondary education reform initiative.

Secondary school teacher training will include *inter alia* (a) deepening the content base of teachers (b) professional development to include training in understanding how children learn, (c) integrated and child-centered teaching, (d) work planning, (e) use of new technologies including Information Communications Technology (ICT) in teaching and learning, and (f) identification and methods of dealing with "at risk" students.

The OEDP will support:

Technical assistance to design new teacher training programmes to be delivered by the Division of Teacher Education. Priority funding will be provided to training programmes which support the objectives of the OEDP viz. implementation of new curriculum, fostering student-centered learning, upgrading the content base of primary school teachers, etc.

It is anticipated that a variety of training methods would be employed. Such methods would include full time programmes, part-time programmes, in-service training and distance learning modes. The final

[3] Programme was developed by the University of the West Indies, under the Lome' Convention and implemented by the Division of Teacher Education of the Sir Arthur Lewis Community College. It was first implemented in St. Lucia in 1997 – 1999. The programme is delivered through a combination of face to face and distance methods and focuses on strengthening the content and or the teaching methods of secondary school teachers.

design will also be informed by the recommendations of the study on teacher education conducted as part of the project preparation activities.

Continuous Assessment

This sub-component seeks to address issues of student evaluation including continuous student assessment, learning benchmarks and performance standards. The overall goal is to provide more focused and relevant student assessment and international competitiveness. Currently, national assessments are summative in nature, although most of them are meant to be diagnostic. Such assessments include the Minimum Standards Tests (MST) taken at Grades II and IV and Form III; the Common Entrance Examination taken in Grade VI and the Special Examination at Grade VIII.

There is need to reorient principals, teachers and education officers to the value of the respective examinations and to make greater use of the results to help improve student learning. There is also the need to make the present national assessment system less centralized and less examination oriented.

Implementation Arrangements

The Ministry is seeking to develop a new system of continuous student assessment that is underpinned by internationally acceptable learning benchmarks and performance standards. The role of the Common Entrance Examination as the main mechanism for the selection and assignment of students to secondary schools will be reviewed. The Evaluations Unit of the Ministry of Education, HRD, Youth and Sports has proposed a few assessment options for facilitating the transition of students from the primary to the secondary level. The proposed options retain some measure of traditional testing while incorporating elements of continuous school-based assessment. Attachment VI of St. Lucia's project design in the Project Files provides further details.

At the secondary level, the content and format of the Form III MST will be revised to reflect the new standardized secondary curriculum for Forms I, II and III to be financed under this project. It is proposed that every secondary school leaver will be provided (instead of the traditional "school-leaving certificate") with a portfolio that contains a thorough transcript of his/her academic and co-curricula performance, a profile of the student's attitudes, behavior, community engagement – in other words, a comprehensive statement of the student taking into account his/her holistic development.

Further, the Ministry intends to pursue the establishment of a secondary school completion certificate to be awarded after completion of a select number of courses at the secondary level. Technical assistance to fully explore this mode of certification and to devise a work plan for its implementation will be funded by the project. The Ministry will source the funds necessary for the implementation of this school completion certificate.

The project will finance:

- Technical assistance and consultations on the reform of the Common Entrance Examination and the selection of alternatives;
- Training of selected teachers and Measurement Officers in school-based assessment, error analysis, performance assessment, and remedial work;
- Preliminary studies and technical assistance towards the development of a secondary school completion certificate; and
- Equipment for the Examinations Unit (photocopier, printer, computer, scanner).

2.2. Provision of equipment and materials for Learning Resource Centres and science laboratories in existing schools and furniture, equipment and materials for new and expanded schools (US$1.80 million)

Learning Resource Centres

The Ministry of Education is committed to providing physical and intellectual access for all students to an extensive range of print and electronic resources. Learning Resource Centres will be established as a strategy to enhance and enrich the school's curriculum, to stimulate interest and independence in literacy, and to encourage and develop metacognitive skills for independent and lifelong learning. It is hoped that the centers will have a combination of essential library resources and information technology capabilities.

Implementation Arrangements

The OEDP will support the construction and equipping of Learning Resource Centres in 8 Secondary schools. The project will also help to upgrade school libraries to Learning Resource Centres in other secondary schools. In the final analysis, every secondary school will have a Learning Resource Center, which will function as an integral component of the school's learning support system. Attachment II of St. Lucia's project design in the Project Files provides a conceptual description of the Learning Resource Center along with a list of recommended inputs. The final decisions on refurbishment and equipment needs of schools with respect to Learning Resource Centres will be based on a Needs Assessment to be conducted by the MOE.

Thus, under this sub-component the project will finance:

- Construction and equipping of 8 Learning Resource Centres, and
- Furniture, equipment and materials for upgrading school libraries to Learning Resource Centres.
- Training for all Learning Resource Centre Managers

Science Laboratories

This sub-component seeks to develop in secondary school graduates a greater interest in science beyond the classroom, including industry and research, through improved methodology and greater participation of the learner. Of the 19 existing secondary schools only the four new secondary schools constructed under the BERP have fully equipped science laboratories. The Science Laboratories will be designed accordingly to reflect: (i) the needs of the new curriculum; (ii) the proposals and recommendations of the Lower Science Education consultancy.

Concomitant with the provision of improved science laboratories and equipment is the need to provide training for laboratory technicians in secondary schools. Training in areas such as inventory management and preventative maintenance of laboratory equipment and infrastructure will assist in containing costs and ensuring the prolonged use of the laboratory resource.

Implementation Arrangements

The OEDP will support the refurbishing and equipping of science labs in existing secondary schools. The final decisions on refurbishment and equipment needs of schools with respect to science labs will be made after the MOE has conducted a Needs Analysis of each school. Additionally, The OEDP will support the training of all lab technicians in secondary schools.

The OEDP, therefore, will finance:

- Furniture, equipment and supplies for science laboratories in 15 existing secondary schools; and
- Training for all lab technicians in secondary schools.

Furniture and Equipment for new, expanded and upgraded schools

New schools will be provided with full complement of furniture and equipment for staff and student use. All rooms including specialized labs, learning resource centers and workshops will be adequately furnished and equipped.

Implementation Arrangements

Under this sub-component the OEDP will provide:

- Furniture and equipment for new, upgraded and expanded schools.

2.3. Organization and Provision of Support Services to Secondary School Students and Designing and Testing of Literacy and Numeracy improvement programs at the primary and secondary levels (US$1.01 million)

Organization and Provision of Support Services to Secondary School Students

At all levels in the education system there is an acknowledgement that students vary in the extent of their learning, personal, social and other developmental needs. The Ministry is also astutely aware of the limitations on student achievement posed by these needs if they are unsatisfied. Thus, the Ministry is committed to the provision of adequate student support services to ensure equity of access particularly for poor and at risk youth in the education system.

Implementation Arrangements

The Ministry will be re-assessing its existing compensatory and welfare programs with a view to integrating these programmes and effecting closer collaboration with human service agencies to ensure delivery of maximum impact to disadvantaged and at risk students. The OEDP will assist the Ministry to revamp its student support programme at the secondary level and to ensure better targeting of assistance to needy students. The role of guidance counselors and school social workers will be reviewed by the Ministry to ensure harmony with any new reforms incorporated in the student support programme.

The following areas of support will be reviewed:

Educational:	**Social:**
- Diagnosis of learning impediments and intervention - Training of teachers	- Guidance - Counseling - Welfare.

The OEDP will finance:

- A study to review the existing compensatory and welfare programs and to propose a system to monitor disadvantaged students;
- Local training of personnel (68 staff) in school social work, guidance, counseling and special education;
- Overseas training for 8 post-graduate studies in school social work and counseling; and
- The provision of the initial set of textbooks which will be rented by each secondary school through a Book Rental Scheme.

(See Attachment IV of St. Lucia's project design in the Project Files for additional information on the current student support programme and the proposed Book Rental Scheme.)

<u>Designing and testing of Literacy and Numeracy improvement programmes at the primary and secondary levels</u>

Measures of pupil achievement at the primary level are available on a national scale at Grades 2, 4 and via the Common Entrance Examination taken in Grade 6. At the secondary level student achievements are gauged by performances on the Minimum Standards Examination (MST) taken in Form III and on their performance in the CXC "O" Level Examinations. An analysis of the results of those examinations reveals that student achievements in English Language and Mathematics fall well below national expectations. (See Attachment III of St. Lucia's project design in the Project Files for highlights of students' performance in English Language and Mathematics in the MST.)

Thus, it would seem that initiatives to address causes of poor student performance in Literacy and Numeracy in St. Lucia would need to be both ubiquitous and wide-ranging. Such initiatives should be informed by (a) a re-evaluation of the current assessment and examination processes, (b) an increased emphasis on Literacy and Numeracy teaching and learning and (c) a comprehensive plan that addresses Literacy and Numeracy efforts in the short, medium and long terms.

Implementation Arrangements

In an effort to maximize impact, the Ministry is pulling together several disparate projects and initiatives into a single coordinated framework that will result in reduced cost to the central government. The projects that will be pulled together under a coordinated framework to include:

(i) Language Acquisition and Reading Intervention: Language prototype work being done by Dr. Hazel Simmons-McDonald with funding from the European Union in pilot schools in Babonneau.
(ii) President Bush's Literacy Initiative – under the Summit of the Americas initiative with funding from USAID and targeted at the provision of Reading Specialists at the Sir Arthur Lewis Community College; strengthening of teacher training in reading and support for resource centers in primary schools.
(iii) Reading Month Extravaganza and Mathematics Month. (Annual activities organized by the Ministry to focus on Reading and Mathematics in schools).

The OEDP will support the design of a programme to raise student achievement levels in English Language and Mathematics at both the primary and secondary levels. The final design of the programme will be based on the collective input of expert services, research and consultations with students, parents, teachers and curriculum officers.

The OEDP will finance:

- Technical Assistance to review the nature and magnitude of problems in literacy and numeracy;
- Design of a programme by a select group of expert teachers and educators to address the causes of low Literacy and Numeracy.
- Conducting a pilot test of the new programme in selected primary and secondary schools. This would involve workshops for teachers and principals in the pilot schools and provision of courseware to implement the programme.
- Finalization of the Literacy and Numeracy programme based on the results of the pilot test for implementation in all schools.

Beyond the pilot phase the Ministry will seek to expand the programme with other sources of funding to all primary and secondary schools in the country. This would involve workshops and other local training for teachers and principals. As far as possible, these training sessions will involve all teachers in the system, at all levels of education. The workshops will be complemented by the following efforts:

(i) Teacher training that focuses on constructivist strategies for teaching and learning in Literacy and Numeracy, and will enable participants to become more critical and diagnostic teachers.
(ii) The national examination system to include focus on the requirements of a more critical and strategic approach to teaching and learning in Literacy and Numeracy.
(iii) Professional association with international organizations in the areas of Literacy and Numeracy such as the Regional Councils of the International Reading Association.
(iv) Formation of national councils of Teachers of Mathematics and Language.

2.4. Organization and support for school development planning and school-based improvement projects (US$0.46 million)

Under this sub-component of the OEDP, the Ministry is seeking to (a) foster more effective stakeholder participation in school development planning, and (b) engender greater student involvement in school improvement through student-managed projects.

School Development Planning

Under the IOB Management Training Programme[4], secondary school principals/vice principals and a senior teacher from each school were exposed to various tools and techniques for undertaking school-based School Development Planning. All schools are now required to develop School Development Plans (SDP). Such plans generally have a three-year outlook with objectives, resource requirements and activities delineated for each year.

Implementation Arrangements

The Ministry is seeking to extend the training in School Development Planning provided by the IOB to key education stakeholders, including teachers, students, parents and school board members. As a prerequisite, the Ministry will seek first to assess the impact of the IOB management training at secondary schools to identify deficiencies as well as implementation issues.

The OEDP will finance:

- Expert services and convening of a 6 – 8 week training seminar for a selected group of teachers, students, parents and school board members involved in School Development Planning.

School Improvement Projects

School-based School Improvement Projects (SIPs) have been identified as an effective way of improving the quality of teaching and learning creating partnerships, fostering ownership, stimulating innovation and efficiency in resource utilization in education. Currently, many schools embark on a variety of school projects. Such projects are largely self-financed or funded from grants and contributions from various organizations. The practicum projects that were developed and implemented as part of the IOB management training for principals and senior teachers are but a few examples of the kinds of projects that have emerged through the pursuit of school-based School Improvement Projects.

[4] In-service training programme designed for principals, vice principals and Ministry staff and conducted from 1999 to 2001. The programme was delivered by the Institute of Business (IOB) of the University of the West Indies.

The Ministry under the OEDP will seek to build on this culture of school-based projects to encourage schools to focus on projects with the following foci:

- Improving the teaching and learning process
- Increasing student participation in co-curricular activities

Implementation Arrangements

An Operations Manual has been developed and details the selection criteria and all the implementation arrangements for the coordination of support under the OEDP for School Improvement Projects.

Each year each school will present one School Improvement Project (SIP) including activities to improve the teaching and learning process and Co-Curricular Activities. The School Improvement activities will be proposed by the school's management body in each school and selected by the School Management Committee. The Co-Curricular Activities will be proposed by the students and selected also by the School Management Committee. Projects will be selected based on the quality of the proposals submitted and their capacity to motivate students.

The co-curricular activities are designed to stimulate general interest and motivation in students. Key areas of focus included (a) sports, (b) entrepreneurship (Linked to the Junior Achievement Programme - establishing mini-businesses), and (c) school clubs and groups. Participation of students deemed "vulnerable and at risk" should be encouraged and the co-curricular activities will be managed by the student body with supervision by an appropriate school staff.

Under this sub-component the OEDP will finance:

- Implementation of SIPs through a School Improvement Projects Support Fund. For the period 2002 – 2007 the Project will make available a total of EC$200,000.00 each year to be disbursed among the existing secondary schools as support to SIPs.
- One project per school per year. The maximum allocation per project is EC$10,000
- An annual school exhibition to focus on providing avenues and opportunities for schools to share best practices, SIPs and action research findings.

A five member Advisory Committee will be formed and charged with the responsibility (i) to liaise with schools; (ii) provide support for the preparation of the SIPs; (iii) select the projects and (iv) supervise the implementation of the SIPs.

Project Component 3 - US$0.87 million
Improved Governance and Management in the Education System

3.1. Improvement of the Education Information Management System (EMIS) and provision of training in its operation (US$0.26 million)

The acceptance of school-based management has engendered a need for more school-based planning and decision-making. Information is key in both planning and decision-making functions. The current trend is the use of computer-based Education Management Information Systems (EMIS) for the storage, processing and sharing of data for timely decision-making.

Moreover, a recent business process re-engineering consultancy (funded by CIDA) of the Ministry of Education has identified ways in which red-tape can be eliminated and cost savings achieved from the more effective use of such technology at the school, district and Ministry levels.

Implementation Arrangements

The Ministry will undertake a comprehensive review of the implications of expanded connectivity to the Ministry, schools and District Offices. Experimentation with the EMIS under the OECS Education Reform has demonstrated the advantages to be derived from the use of this technology and the cost savings to be realized.

An important element of this information management capability will be the spread of the EMIS to all schools, the installation of the SECAS (Schools Accounting program) that will bring accountability to school funds but allow continued autonomy in their use by the schools. It will also involve the installation of a document management system that will facilitate the electronic exchange of all types of documents and files between Ministry and District Offices and the establishment of a teachers' database that will form the basis of an integrated human resource management system.

OEDP will support management training in EMIS for school, district and central level management with a focus on using the system for planning and for decision-making purposes

The project will cover the cost of:

- Evaluation and selection of EMIS software
- Hardware and software for the establishment of the EMIS and document management system in all secondary schools, district offices and central office.
- Professional services to undertake system maintenance, upgrade and for trouble shooting not covered under the client-support agreement.
- Training to all users of the EMIS.

3.2. Strengthening the District Offices to deliver management and instructional support and performance assessment to schools, and to achieve greater equity in resource distribution among secondary schools (US$0.61 million)

Under the BERP the Ministry was able to establish and re-organize District Offices. There are now eight (8) District Offices serving the districts. In this project, the Ministry will be further strengthening this infrastructure since the results of the business process re-engineering exercise (referred to earlier) has identified many areas in which the role of the District Offices need to be enhanced to provide faster and more direct service to the schools consistent with the Ministry's objective of becoming a "service center".

The District Education Officers are critical to the success of the OEDP due to their close attachment to both the schools and the central office. The Ministry expects them to assist with the coordination of the activities to be pursued under the OEDP and ensure the forging of strong and direct links among implementation of the new curriculum, instructional supervision, assessment of school performance and school development plans. Attachment VII of St. Lucia's project design in the Project Files provides a diagrammatic representation of the type of linkages envisaged.

Implementation Arrangements

The Ministry intends that District Offices be adequately staffed and equipped to enable them to provide managerial support to district schools and to provide essential Ministry services at the district level. The Ministry further expects the Education Officers to assist with the consolidation, management and institutionalizing of new interventions introduced under the OEDP.

The OEDP will support:

- Study tours to observe best practices in education management in New Zealand, Chile, Martinique and other regional countries;
- Training for Education Officers focusing on tools and techniques for managing secondary schools, change management and performance management;
- Equipment and resource materials for District Offices; and
- Major rehabilitation of the Micoud and Soufriere District offices.

The Ministry will seek to effect reforms in the allocation and distribution of resources to achieve greater equity among schools. Among the reforms contemplated is the application of a formula funding for schools during the budget exercise as proposed by the consultant on School Financing and Resource Allocation. The implication of the proposed formulae will be explored further with a view to modifying them if necessary. Additionally, the Ministry will institute measures during its annual staffing exercise to ensure greater equity in the distribution of its qualified and graduate staff among its schools while working towards a minimum ratio of graduate to non-graduate staff of 1:1 at all secondary schools. It will also review the policy of school funding-raising, particularly the fees charges to pupils to ensure that they are fair and equitable and to ensure proper accountability in their use

Project Component 4 - US$0.56 million

4.1. Project Management

A Project Management Unit (PMU) was established under the BERP and is one of the constituent Units of the Corporate Planning Unit of the Ministry of Education. The PMU will manage and coordinate the implementation of the OECS Education Development Project. It is also responsible for managing the ongoing implementation of the BEP2, financed by the CDB.

The team will collaborate with the National Council for Secondary Education in the implementation of the Project as well as with other beneficiary Units in the development of project implementation plans. It will continue to receive advice and support from the Project Steering Committee.

The full staff complement of the PMU consists of:

- Project Manager
- Accountant
- Assistant Accountant
- Procurement Officer
- Procurement Assistant
- Secretary

The recurrent costs of maintaining the Unit will be met by GOSL and are to be included in the approved estimates of expenditure for the Ministry of Education.

The unavailability of reliable equipment for the PMU to carry some of its important functions has posed some setbacks to its efficient operation. The OEDP will support and strengthen the operations of the PMU and general project management functions of the Ministry.

The project will finance

- New equipment and upgrade some of the existing ones within the Corporate Planning Unit and general administration
- Training for procurement and accounting personnel within the Project Management Unit.

Annex 3A: Estimated Project Costs for St. Kitts & Nevis

OECS Education Development Project

Project Cost By Component	Local US $million	Foreign US $million	Total US $million
1. EQUITABLE ACCESS			
1.1. Construction of a new secondary school	1.52	0.72	2.24
1.2. Cafeterias for six secondary schools	0.47	0.01	0.48
2. QUALITY TEACHING and LEARNING			
2.1. Curriculum development for lower secondary, teacher training and development of a teacher appraisal system	0.35	0.05	0.40
2.2. Provision of equipment and materials and expansion and upgrading of learning spaces for science laboratories and learning resource centers	1.21	0.37	1.58
2.3. Programs to support disadvantaged youth	0.18	0.09	0.27
2.4. School Improvement Projects and extra-curricular activities	0.28	0.03	0.31
3. MANAGEMENT and GOVERNANCE			
3.1. Education Management Information Systems	0.12	0.14	0.26
4. PROJECT MANAGEMENT	0.59	0.01	0.60
5. PPF REPAYMENT	0.04	0.01	0.05
Total Baseline Cost	4.76	1.43	6.19
Physical Contingencies	0.16	0.07	0.23
Price Contingencies	0.40	0.10	0.50
Total Project Costs	5.32	1.60	6.92
Front-end Fee	0.00	0.05	0.05
Total Financing Required	5.32	1.65	6.97

	Local	Foreign	Total
Project Cost By Category	US $million	US $million	US $million
Goods	1.88	0.62	2.50
Works	1.79	0.81	2.60
Services	0.61	0.13	0.74
Training	0.31	0.00	0.31
School Improvement Plans	0.31	0.03	0.34
Recurrent Cost	0.38	0.00	0.38
PPF Repayment	0.04	0.01	0.05
Total Project Costs	5.32	1.60	6.92
Front-end Fee		0.05	0.05
Total Financing Required	5.32	1.65	6.97

Annex 3B: Estimated Project Costs for St. Lucia

OECS Education Development Project

Project Cost By Component	Local US $million	Foreign US $million	Total US $million
1. EQUITABLE ACCESS			
1.1. Construction of new schools	6.04	2.16	8.20
1.2. Rehabilitation, expansion and upgrading of existing facilities	2.21	1.46	3.67
2. QUALITY TEACHING and LEARNING			
2.1. Curriculum development for lower secondary, teacher training, instructional supervision and assessment	0.18	0.14	0.32
2.2. Provision of equipment and materials for science laboratories and learning resource centers	0.94	0.62	1.56
2.3. Literacy and numeracy improvement programs and support services to secondary school students	0.64	0.25	0.89
2.4. School development planning and school improvement projects	0.39	0.04	0.43
3. MANAGEMENT and GOVERNANCE			
3.1. Education information management system	0.12	0.11	0.23
3.2. Strengthening of district offices	0.34	0.16	0.50
4. PROJECT MANAGEMENT	0.47	0.04	0.51
5. PPF REPAYMENT	0.18	0.08	0.26
Total Baseline Cost	11.51	5.06	16.57
Physical Contingencies	0.64	0.39	1.03
Price Contingencies	1.13	0.36	1.49
Total Project Costs	13.28	5.81	19.09
Front-end Fee		0.06	0.06
Total Financing Required	13.28	5.87	19.15

Project Cost By Category	Local US $million	Foreign US $million	Total US $million
Goods	2.35	1.51	3.86
Works	5.85	3.81	9.66
Services	0.49	0.37	0.86
Training	0.55	0	0.55
School Improvement Plans	0.38	0.04	0.42
Recurrent Cost	3.48	0	3.48
PPF Repayment	0.18	0.08	0.26
Total Project Costs	13.28	5.81	19.09
Front-end Fee		0.06	0.06
Total Financing Required	13.28	5.87	19.15

Annex 4A: Cost Benefit Analysis Summary for St. Kitts and Nevis

OECS Education Development Project

Summary of Benefits and Costs:

The project design of St. Kitts and Nevis is quite similar to that of St. Lucia. Therefore, the methodology used for the economic analysis is similar as well. The benefits of these interventions have been estimated following the methodology described in Annex 4B with the following main simplifying (but plausible) assumptions: (a) the St. Lucia average (and by age) yearly wage associated with primary and secondary education also applies to St. Kitts and Nevis[5]; and (b) the education production function calculated in the St. Lucia case is valid also for St. Kitts, meaning that we have the same relation between educational inputs and CXC passing rates[6].

Since the "access" component of the project in St. Kitts and Nevis does not lead to increased enrollment (the transition rate between primary and secondary is already 100% in the country and the gross enrollment rate is around 100%) but only to equity improvements through the construction of a new school in an under-served area, the difference in methodology consists in the fact that we have explicitly quantified the impact of the quality-enhancing measures on drop-outs. This impact is expected to be particularly significant given the strong focus on quality enhancement.

All the children from the primary schools of the under-served area are compelled to go to distant secondary schools, already overcrowded, which cannot provide them with the necessary assistance, and the children often end up being early school leavers. It is expected that the construction of the new school will solve this problem. The benefits of this equity improvement are not being quantified here. The main focus of the project in St. Kitts and Nevis is in quality improvements that are being pursued through the provision of better facilities for learning, better trained teachers and curricular reforms.

[5] We were forced to make this simplifying assumption since no Labour Force data are collected in St. Kitts and Nevis. In any case, rough estimations made with the help of local experts confirmed that both countries have a very similar structure of wages, in both relative and absolute values, across education levels.

[6] This assumption was again made necessary by the absence of detailed data on educational inputs and socio-economic status per school in St. Kitts and Nevis. In any case, it is plausible that, in view of the similar levels of quality performance of their education sectors and level and quality of educational inputs (around 50% of the school infrastructure in a state of deprivation according to rough estimates and 30% of trained teachers), the relation between CXC results and its main determinants be very similar to St. Lucia.

Benefits from higher quality

Reduced drop-outs

It is expected that, through its quality-enhancing measures, the project will gradually lead to decreased drop-outs from 2003/2004, which will in turn be reflected into a higher number of graduates. Table 4.1 shows an estimation of the total benefits associated with these new graduates under the assumptions that: (a) secondary school-age population is stationary from 2000/01; (b) drop-outs in all grades decrease gradually from 2003/04 to reach target levels in 2006/07 of 1% drop-outs in Forms 1 and 2 and 2% drop-outs in Form 3[7]; and (c) access to Form 5 increases by 10%. Multiplying the discounted stream of graduates by the discounted incremental earnings and summing this up, we obtain a total economic benefit of US$17.6 million[8].

Extra-earnings from secondary education

Table 4.2 below shows an estimation of the total benefits associated with these increased secondary earnings under the following simplifying assumptions: (a) the refurbishing and upgrading of learning spaces and the training sub-component of the project lead, in a somewhat conservative assumption for St.Kitts, to an increase of 20% points in the proportion of graduate trained teachers and a decrease of 30% points in the proportion of infrastructure in state of deprivation[9]; and (b) the increase in the average math/English CXC passing rate is then related to increases in the passing rates of one or more CXC exams and to higher earnings *(see footnote 6 and the information presented in Table 4.3)*. Given this, the 2% increase in income associated with completed secondary education found in St. Kitts and Nevis translates into a premium of US$1,300, which is then multiplied by the total discounted number of secondary graduates (including the new graduates produced by the decreased drop-outs) to obtain total benefits of US$6.7 million.

The impact of the quality measures on secondary education earnings kicks in only from 2005/2006 and no attempt was made to quantify the impact of the other quality interventions on educational achievement and earnings.

Project costs and relating costs to benefits

In Table 4.4, we report the total investment, recurrent and opportunity costs of the project and in Table 4.5, compare the total discounted benefits with the total discounted costs to obtain a Net Present Value and Economic Rate of Return for the project. The NPV is equal to US$14.7 million and the IRR to 35%. Therefore, the project is viable in economic terms.

---

7 The drop-out values have been determined through simple linear intrapolation.

8 A discount rate of 10% is used throughout the analysis.

9 This would be the case if we assume that all schools had the same proportional decrease of 40% in deprived learning infrastructure (the non-targeted nature of the interventions, which cover all schools in St. Kitts and Nevis, suggests this is a realistic assumption).

Sensitivity Analysis

If the increment in earnings due to secondary education is only 50% of the one assumed in the base case, the NPV will fall to US$6 million. The point where the NPV reaches 0 (or the IRR 10%) would be with incremental earnings reaching 20% of the ones assumed in the base case.

If the "quality premium" in secondary education is only 50% of the one assumed in the base case, the NPV will fall to US$11 million.

Table 4.1: St.Kitts and Nevis-Secondary graduates benefit from decreased drop-outs

	New secondary graduates (1)	Discounted new secondary graduates (2)	PV of differential earnings (US$) (3)	Discounted secondary graduates benefits (US$) (4)
2001/2002	0	0	16171	0
2002/2003	0	0	16171	0
2003/2004	0	0	16171	0
2004/2005	0	0	16171	0
2005/2006	45	34	16171	549308
2006/2007	83	57	16171	916739
2007/2008	130	81	16171	1304285
2008/2009	187	106	16171	1708126
2009/2010	195	100	16171	1621606
2010/1011	204	95	16171	1536699
2011/2012	204	86	16171	1396999
2012/2013	204	79	16171	1269999
2013/2014	204	71	16171	1154545
2014/2015	204	65	16171	1049586
2015/2016	204	59	16171	954169
2016/2017	204	54	16171	867427
2017/2018	204	49	16171	788570
2018/2019	204	44	16171	716882
2019/2020	204	40	16171	651710
2020/2021	204	37	16171	592464
2021/2022	204	33	16171	539394
Total:				17,618,508

Table 4.2: St.Kitts and Nevis-Secondary graduate benefits from increas secondary edı cation

	Total secondary graduates	Discounted total secondary graduates	Secondary education premium (US$)	Discounted total benefits (US$)
2001/2002	657			
2002/2003	720	720		
2003/2004	709	645		
2004/2005	664	549		
2005/2006	662	498	1300	646789
2006/2007	700	478	1300	621241
2007/2008	747	464	1300	602619
2008/2009	804	454	1300	589833
2009/2010	812	417	1300	541740
2010/2011	820	383	1300	497516
2011/2012	820	348	1300	452287
2012/2013	820	316	1300	411170
2013/2014	820	288	1300	373791
2014/2015	820	261	1300	339810
2015/2016	820	238	1300	308918
2016/2017	820	216	1300	280835
2017/2018	820	196	1300	255304
2018/2019	820	179	1300	232095
2019/2020	820	162	1300	210995
2020/2021	820	148	1300	191814
2021/2022	820	134	1300	174300
Total:				6,731,057

Table 4.3: St. Kitts and Nevis-Average yearly wages and educational achievement

	Discounted (a) average yearly wage for each level of educational achievement (EC$)	Population 16 years and over who have completed secondary education by CXC educational achievement (%)	Population 16 years and over who have completed secondary education by CXC educational achievement after quality-enhancing measures (%) (EC$)
Completed secondary with no CXC	5000	27	13
1-2 CXC	5588	30	36
3-4 CXC	5807	16	20
5+ CXC	6141	27	31
Weighted Mean:	5613		5727

Notes: (a) This only covers the individuals aged 17 to 45.
Source: processed from the St. Lucia Labour Force Survey (2000) and St. Kitts and Nevis MED (2001)

Table 4.4: St. Kitts and Nevis-Costs of the project (US$)

	Capital costs	Recurrent costs	Forgone income	Total
2001/2002				
2002/2003	814900	35000		849900
2003/2004	1553400	51000		1604400
2004/2005	1281300	90000	153722	1525022
2005/2006	1150400	94000	282201	1526601
2006/2007	1044800	71100	441650	1557550
2007/2008		71100	636236	707336
2008/2009		71100	664410	735510
2009/2010		71100	692584	763684
2010/2011		71100	692584	763684
2011/2012		71100	692584	763684
2012/2013		71100	692584	763684
2013/2014		71100	692584	763684
2014/2015		71100	692584	763684
2015/2016		71100	692584	763684
2016/2017		71100	692584	763684
2017/2018		71100	692584	763684
2018/2019		71100	692584	763684
2019/2020		71100	692584	763684
2020/2021		71100	692584	763684
2021/2022		71100	693600	764700
Present Value:				9,696,235

Table 4.5: St. Kitts and Nevis-Costs and Benefits
(US$ millions)

	PV
Benefits:	
Decreased drop-outs	17.6
Quality premium	6.7
Costs:	
Investment costs	(4.8)
Recurrent costs	(0.6)
Forgone income	(4.2)
NPV:	14.7
IRR:	35%

Annex 4B: Cost Benefit Analysis Summary for St. Lucia

OECS Education Development Project

In St. Lucia, the main benefits of the project lie in the increased number of secondary graduates (produced either through increased access or decreased drop-outs) and in substantial quality gains, which are both reflected into higher future earning streams. The analysis attempts to quantify these benefits as well as estimating the total costs of the project (including capital, recurrent and opportunity costs), to produce measures of net total gain in the two countries. For St. Lucia, the analysis is based on the lower bound project (US$16.0 million).

Summary of Benefits and Costs:

Benefits from expanded coverage

In this section we carry out a standard external efficiency analysis. A standard assumption made in the evaluation of investments in education is that the increase in educational attainment will lead to gains in the beneficiaries' productivity over their entire lifetime which will in turn lead to earnings gains over the entire lifetime. Typically, we compute the present value of the increase in earnings, assessed at the time of graduation, for each cohort of project beneficiaries. In Table 4.6, we present the average gross yearly wages[10] for individuals with complete primary and complete secondary to obtain the increment in annual earnings at each age produced by the different educational attainment level. We then discount the stream of incremental earnings to the time of graduation using a 10% discount rate[11]. Age-earnings profiles for each level of educational attainment are shown in Figure 1.

The relevant benefit stream is then obtained multiplying this figure by the number of new secondary graduates that the project is expected to produce each year over the next 20 years. Component 1 of the project is expected to create an additional 2,205 places in secondary education over the 2002-2007 time period through the construction of two new secondary schools (both with a capacity of 700 students), the expansion of existing schools (providing approx. 385 new places) and the upgrading of a senior primary school (providing a further 420 places in secondary). Under the following assumptions: (a) the first school is completed in 2004-2005; (b) the second one in 2005-2006; (c) both schools are filled gradually class after class[12], except from some transfer from Grade 9 of Senior Primary School directly to Form 3 which accelerates the speed of school filling (both schools are filled in three years); (d) school expansion is implemented gradually from 2004-2005 onwards and the new places are gradually filled class after class; and (e) the senior primary school is upgraded to secondary school in 2004/05, we obtain a distribution in time of new secondary graduates similar to the one shown in Table 4.7. Multiplying the discounted

---

[10] We would ideally have wanted to estimate an earnings function to calculate private returns to secondary schooling but that was made impossible by the quality of the data submitted. The St. Lucia Labour Force Survey only provides data on "mean income" interpretable according to a non linear income scale (1: 'Under 200' EC$; 2: '201 - 399'EC$; 3: '400 - 799'EC$; 4: '800 - 1199'EC$; 5: '1200 - 1999'EC$; 6: '2000 - 3999'EC$; 7: '4000 - 5999'EC$; 8: 'Over 6000'EC$). On the basis of this information, we decided to construct age-earning profiles and use the obtained mean income per age expressed according to the above mentioned scale and the standard deviation of this mean income per age to estimate mean incomes per age in dollars (the non linearity between the two scales makes the use of both the mean and the standard deviation preferable to the use of the pure mean to obtain reliable values in dollars). The results and methodology of the conversion is contained in the project files.

[11] Which will be used throughout the analysis.

[12] Starting from Form 1 (first level of secondary education) to Form 5 (last level).

stream of graduates by the discounted incremental earnings and summing this up, we obtain the direct economic benefit of the higher access produced by the project (US$30.3 million).

Benefits from higher quality

The project is also planning to undertake several quality-enhancement interventions, such as rehabilitating existing secondary schools, implementing literacy and numeracy programs, providing equipment and materials for new and existing schools, introducing school improvement projects, developing new curricula and providing teacher training. All these interventions have been proved to have a positive significant impact on educational achievement in various countries according to education production function analyses[13]. In the context of St. Lucia, it was possible to test the impact of infrastructure rehabilitation (together with the provision of some equipment) and teacher training on secondary school educational achievement through an education production function analysis. Table 4.8 below reports the results of an education production function relating the average passing rate in the English and Math CXC exam by secondary school to measures of teaching staff characteristics, state of the infrastructure (and equipment) and personnel expenditure per student, after controlling for the socio-economic status of schools. Unfortunately, the unavailability of information on CXC scores at the student level left us with no other option than to estimate an aggregate function at the school level, over an admittedly small sample size. In any case, simple OLS results show that both the state of the infrastructure and the proportion of trained teachers are significant in explaining CXC passing rates. An increase of 1% point in the proportion of trained graduate teachers leads to an increase of about 0.70% points in passing rates, while a decrease of 1% point in the proportion of infrastructure and equipment in poor conditions leads to an increase of about 0.40% points in passing rates[14].

If we assume that the project will lead to an increase of 20% points in the proportion of graduate trained teachers (through the training sub-component) and a decrease of 30% points in the proportion of infrastructure and equipment in state of deprivation through the rehabilitation and provision of equipment[15], we get an overall increase in CXC passing rates of about 25% points. This increase will then translate into a higher proportion of students passing one or more CXC exams which we can relate to higher earnings using the evidence presented in Table 4.10 and some specific assumption[16]. From Table 4.11, we see that quality-enhancing measures bring to an increase of about 2% in the discounted average

---

[13] See, for instance, Fuller and Clarke (1994), Harbison and Hanushek (1992), Wolf, Schiefelbein and Valenzuela (1994) for extensive reviews of studies assessing education production functions.

[14] As mentioned above, these results should be interpreted with caution due to the small sample size and the aggregated nature of the data. The small sample size led us to check the assumption that the residuals are normally distributed through a joint skewness kurtosis test for normality. The test , run over model (2) that we are using, yielded a Chi2-statistic of 3.02 insignificant at all conventional levels of significance (Pr(Chi2)=0.22), leading us to accept the normality assumption with all its implications. However, caution should be maintained due, as well, to possible endogeneity issues which would require the use of instrumental variable techniques and/or panel data to improve the reliability of the estimates.

[15] This would be the case if we assume that the schools rehabilitated (approx. 50% of all secondary schools) are the ones with the current worst infrastructure and equipment and that the rehabilitation effort leads the schools to a state of fully satisfactory infrastructure and equipment (proportion of deprived infrastructure equal to zero).

[16] The assumption is that: (a) all students pass only one more exam, English or Math (equivalent to assume that 50 students (or 1200 on a total secondary graduate population of 2400) pass one more exam); (b) the student increases are distributed proportionally to the current distribution across the four CXC categories of Table 5 to provide the same likelihood of success across categories; and (c) the proportional earning increase obtained on the 17-45 population is assumed to hold for the whole 17-60 population.

annual income associated with completed secondary education, or, in other words, a 2% premium on the total discounted income associated with secondary education (equivalent to approximately US$1,300). Multiplying this figure by the total discounted number of secondary graduates, we get the total benefits associated with these quality-enhancing measures (US$22.2 million).

Project costs and relating costs to benefits

In Table 4.12, we report the total investment, recurrent and opportunity costs of the project and in Table 4.13, compare the total discounted benefits with the total discounted costs to obtain a Net Present Value and Economic Rate of Return for the project. The NPV is equal to US$25.8 million and the IRR to 28%. Therefore, the project is viable in economic terms.

Main Assumptions:

Main Assumptions underlying the calculation of the benefits from expanded coverage

The graduation age (and age of entry to the labour market for the secondary school students) is taken to be 17. This assumes that students progress through the schooling system on time, entering Grade 1 at age 6 and leaving Form 4 at 16. The absence of repetition in secondary combined with low repetition in primary makes this assumption reasonably plausible in the case of St. Lucia.

The drop-out rate is taken to be about 1% annually from Form 1 to Form 3, increasing to 3% from Form 3 to Form 4 and 6% from Form 4 to Form 5. This reflects the situation in St. Lucia, where there is a noticeable increase in the drop-out rate in the last two years of secondary education.

The working life of the secondary graduates starts at 17 and goes up to 60. It is assumed that all secondary graduates will manage to be employed. It is plausible that in the context of the projected medium term growth rate of 3 to 4% and the relatively small amount of incremental secondary graduates, the labour market can absorb them all.

We also assume that the size of the expansion (385 new secondary graduates per year from 2010/2011 compared with an estimated 2,691 students graduating from secondary school each year from the same 2010/2011, or the existing secondary school population of approx. 12,700 students) is sufficiently small so that we can safely assume the absence of wage compression effects due to the incremental graduates.

Main Assumptions underlying the calculation of the benefits from higher quality

The impact of the quality-enhancing measures on secondary education earnings kicks in from 2005/06 onwards, when these measures have all been implemented and the secondary students have been able to take advantage of them.

No attempt was made to estimate the impact of the quality-enhancing measures on drop-out rates. It is very likely that drop-out rates will decrease after the intervention, increasing the benefits of the project.

No attempt was made to estimate the potential impact on educational achievement and earnings of the other quality interventions. Among these interventions, the provision of teaching materials and the implementation of the school improvement projects are likely to have a significant impact on educational achievement[17] and, thus, on earnings.

[17] As shown in several studies, including Fuller and Clarke (1994), Harbison and Hanushek (1992), Wolf, Shiefelbein and Valenzuela (1994) and Di Gropello (2001).

Main Assumptions underlying the calculation of the costs

The normal entry age into the labour market is taken to be 16. The forgone income is obtained multiplying the discounted new Form 5 enrollees by the yearly wage that they would have earned if they were working instead of being in school.

Recurrent costs were obtained under the assumption of a constant pupil-teacher ratio of 19 (conservative assumption). This implies that, overall, 54 new teachers will need to be hired (and the hiring will start in 2004/05).

Sensitivity analysis / Switching values of critical items:

A sensitivity (and, when applicable, a switching value analysis) was undertaken in relation to the following crucial parameters:

- -the "pace of production" of new secondary graduates
- -the increment in earnings due to secondary education
- -the unemployment rate
- -the "quality premium" in secondary education

These are the main results[18]:

If the "pace of production" of new graduates is slower (because: (a) school 1 is terminated in 2004/05 and school 2 is not terminated until 2006/07 and (b) schools are filled in 5 years instead of 3 due to the absence of transfer from Grade 9), the NPV will fall to US$20 million.

If the increment in earnings due to secondary education is only 50% of the one assumed in the base case, the NPV will fall to US$9 million. The point where the NPV reaches 0 (or the IRR 10%) would be with incremental earnings reaching less than 25% of the ones assumed in the base case.

If the unemployment rate was 20% for all the project beneficiaries (higher than the projected 15%), the NPV will fall to US$16 million. The point where the NPV reaches 0 (or the IRR 10%) would be with an unemployment rate of more than 50%.

If the "quality premium" in secondary education is only 50% of the one assumed in the base case, the NPV will fall to US$14 million.

[18] Detailed results of this analysis are available in the project files.

Table 4.6: St. Lucia-Average gross yearly wages per level of education and age (in EC$)

Age	Complete primary	Complete secondary	Difference
17	8580	8844	264
18	7860	9276	1416
19	10116	9276	-840
20	11520	12516	996
21	10284	11928	1644
22	11304	13176	1872
23	11676	18312	6636
24	12228	20064	7836
25	11844	19188	7344
26	15828	18492	2664
27	15384	17940	2556
28	13440	20160	6720
29	16176	17400	1224
30	12648	23184	10536
31	14688	22224	7536
32	12432	22884	10452
33	11652	21060	9408
34	11664	22080	10416
35	16284	19116	2832
36	14460	23868	9408
37	13140	19656	6516
38	15960	23040	7080
39	17820	19872	2052
40	14712	20988	6276
41	12504	21012	8508
42	16800	22404	5604
43	20664	28272	7608
44	17532	27216	9684
45	16692	23412	6720
46	15372	26460	11088
47	18252	21504	3252
48	17232	21012	3780
49	20136	13200	-6936
50	18564	48000	29436
51	26844	36000	9156
52	19104	19200	96
53	16032	24000	7968
54	13200	36000	22800
55	23208	36000	12792
56	14424	36000	21576
57	22176	24000	1824
58	24996	19200	-5796
59	20460	19200	-1260
60	18864	19200	336
Mean:	15562	21723	5893
Present Value:			43824 (US$ 16,171)a

Source: processed from the St. Lucia Labour Force Survey (2000)
Notes: (a) 1US$=2.71EC$

Figure 1:

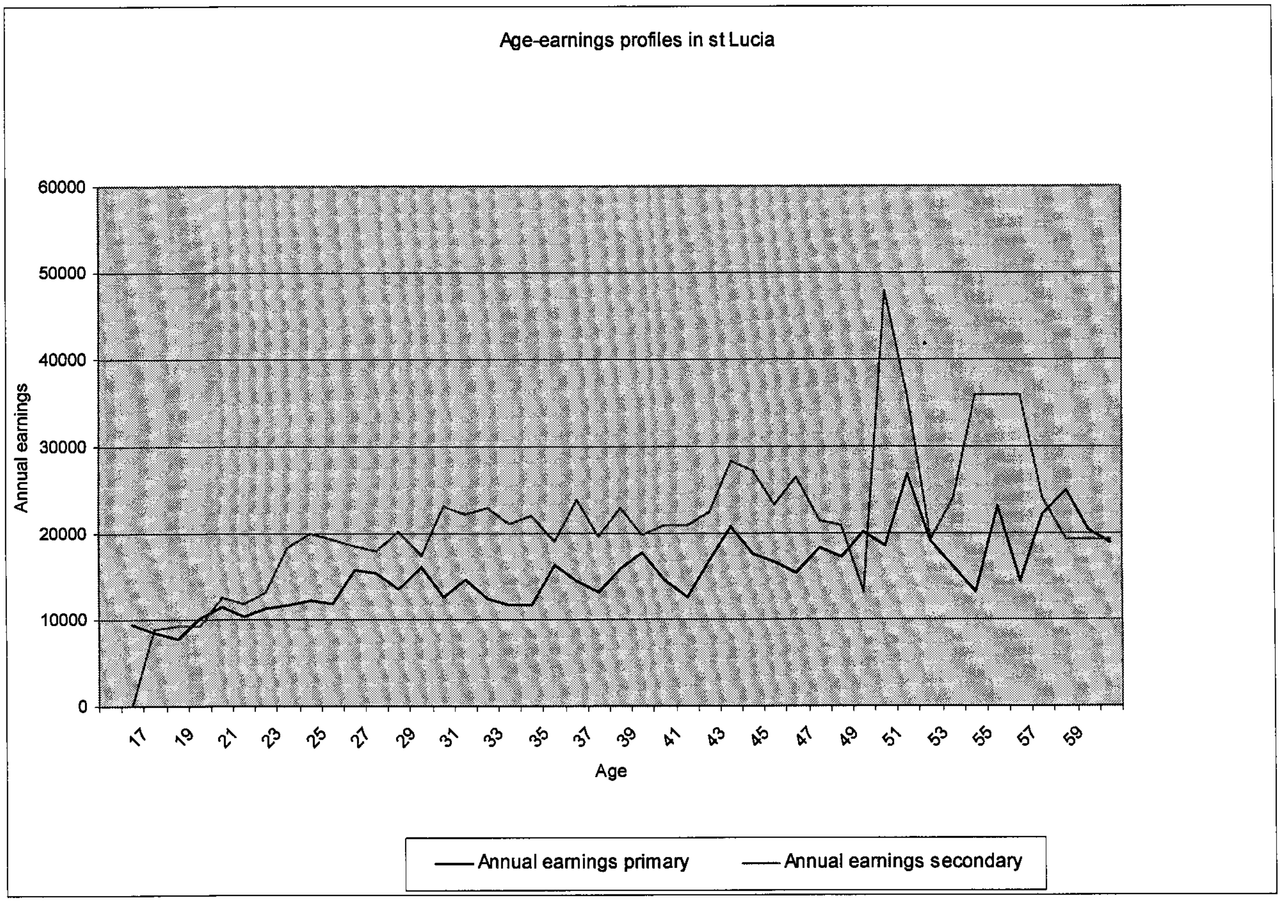

Age-earnings profiles in st Lucia
Annual earnings
60000
50000
40000
30000
20000
10000
0
17
19
21
23
25
27
29
31
33
35
37
39
41
43
45
47
49
51
53
55
57
59
Age
Annual earnings primary
Annual earnings secondary

Table 4.7: St. Lucia-Secondary graduates benefits from increased access

	New secondary graduates (1)	Discounted new secondary graduates (2)	PV of differential earnings (US$) (3)	Discounted secondary graduates benefits (US$) (4)
2001/2002	0	0	16171	0
2002/2003	0	0	16171	0
2003/2004	0	0	16171	0
2004/2005	0	0	16171	0
2005/2006	0	0	16171	0
2006/2007	0	0	16171	0
2007/2008	172	107	16171	1730354
2008/2009	393	222	16171	3587217
2009/2010	388	199	16171	3217290
2010/1011	385	180	16171	2905646
2011/2012	385	163	16171	2641496
2012/2013	385	148	16171	2401360
2013/2014	385	135	16171	2183055
2014/2015	385	123	16171	1984595
2015/2016	385	112	16171	1804177
2016/2017	385	101	16171	1640161
2017/2018	385	92	16171	1491056
2018/2019	385	84	16171	1355505
2019/2020	385	76	16171	1232277
2020/2021	385	69	16171	1120252
2021/2022	385	63	16171	1017974
Total:				30,312,414

Table 4.8: St. Lucia-OLS estimates (dependent variable: CXCPR)

Variables	General Model (1) Coefficients (t-ratios)	Parsimonious Model (2) Coefficients (t-ratios)	Parsimonious Model (3) a Coefficients (t-ratios)
SCHSES	-2.89 (-2.91)**	-2.90 (-2.96)**	-3.02 (-2.99)**
PT	2.17 (0.61)	-	-
TGRADTR	0.63 (1.86)*	0.70 (2.38)**	0.69 (2.09)*
INFRDEP	-0.44 (-1.94)*	-0.39 (-1.82)*	-0.37 (-1.68)
EXPS	0.036 (1.28)	-	-
R2:	0.74	0.69	0.66

Notes: (a) Same than regression (2) but with TGRAGTR replaced by TGRAD.
* Significant at 10%; ** Significant at 5%; *** Significant at 1%

Table 4.9: St. Lucia-Some summary statistics and variable description

	Variable description and unit of measure	Mean	Standard Deviation
CXCPR	Average Passing rate in the CXC English and Math exams (%)	49.8	22.7
SCHSES	School Socio-Economic Status, measured by the proportion of students covered by a bursary (%)	10.7	4.4
PT	Pupil-Teacher ratio	19.8	1.6
TGRADTR	Proportion of Graduate Trained Teachers (%)	30.1	14.8
TGRAD	Proportion of Graduate Teachers (%)	53.2	16.0
INFRDEP	Proportion of school Infrastructure in a state of Deprivation (%)	48.1	18.6
EXPS	Education expenditure per student in the secondary sector (EC$)	2,041.0	197.0

Table 4.10: St. Lucia-Average yearly wages and educational achievement

	Discounted (a) average yearly wage for each level of educational achievement (EC$)	Population 16 years and over who have completed secondary education by CXC educational achievement (%)	Population 16 years and over who have completed secondary education by CXC educational achievement after quality-enhancing measures (%) (EC$)
Completed secondary with no CXC	5000	16	7
1-2 CXC	5588	26	28
3-4 CXC	5807	36	34
5+ CXC	6141	22	31
Weighted Mean:	5694		5793

Notes: (a) This only covers the individuals aged 17 to 45.
Source: processed from the St. Lucia Labour Force Survey (2000) and St. Lucia MED (2000)

Table 4.11: St. Lucia-Secondary graduate benefits after quality-enhancing measures

	Total secondary graduates	Discounted total secondary graduates	Secondary education premium (US$)	Discounted total benefits from quality measures (US$)
2001/2002	2381			
2002/2003	2540	2540		
2003/2004	2421	2201		
2004/2005	2349	1942		
2005/2006	2249	1689	1300	2196191
2006/2007	2295	1568	1300	2038115
2007/2008	2468	1532	1300	1991937
2008/2009	2689	1518	1300	1973075
2009/2010	2687	1379	1300	1792838
2010/2011	2691	1255	1300	1632051
2011/2012	2619	1111	1300	1444092
2012/2013	2691	1038	1300	1348803
2013/2014	2691	943	1300	1226184
2014/2015	2691	857	1300	1114713
2015/2016	2691	780	1300	1013375
2016/2017	2691	709	1300	921250
2017/2018	2691	644	1300	837500
2018/2019	2691	586	1300	761364
2019/2020	2691	532	1300	692149
2020/2021	2691	484	1300	629226
2021/2022	2691	440	1300	571642
Total:				22,184,508

Table 4.12: St. Lucia-Costs of the project (US$)

	Capital costs	Recurrent costs	Forgone income	Total
2001/2002				
2002/2003	1697000	82000		1779000
2003/2004	4558200	101000		4235636
2004/2005	3071400	825000		3220165
2005/2006	2517400	1004400		2645980
2006/2007	1610000	1100000	585923	2251160
2007/2008		1100000	1336152	1512659
2008/2009		1100000	1318199	1365010
2009/2010		1100000	1309562	1236486
2010/2011		1100000	1309562	1124079
2011/2012		1100000	1309562	1021890
2012/2013		1100000	1309562	928991
2013/2014		1100000	1309562	844537
2014/2015		1100000	1309562	767761
2015/2016		1100000	1309562	697964
2016/2017		1100000	1309562	634513
2017/2018		1100000	1309562	576830
2018/2019		1100000	1309562	524391
2019/2020		1100000	1309562	476719
2020/2021		1100000	1309562	433381
2021/2022		1100000	1309562	393983
Present Value:				26,671,135

Table 4.13: St. Lucia-Costs and Benefits (US$ millions)

	PV
Benefits:	
Increased access	30.3
Quality-enhancing measures	22.2
Costs:	
Investment costs	(11.4)
Recurrent costs	(8.1)
Forgone income	(7.2)
NPV:	25.8
IRR:	28%

Annex 5: Financial Summary

OECS Education Development Project

Table 5.1: St. Kitts and Nevis- project cost and financing (in US$ millions)

Concept	Implementation Period 2002	2003	2004	2005	2006	Total	Operational Period 2007	2008	2009	2010
Project Costs										
Investment Costs	0.8	1.5	1.3	1.2	1	5.8				
Recurrent Costs	0.03	0.05	0.09	0.09	0.07	0.3	0.07	0.07	0.07	0.07
Total:	0.83	1.55	1.39	1.29	1.07	6.1	0.07	0.07	0.07	0.07

Notes: Data exclude contingencies.

Table 5.2: St. Lucia-project cost and financing (in US$ millions)

Concept	Implementation Period 2002/03	2003/04	2004/05	2005/06	2006/07	Total	Operational Period 2007/08	08/09	09/10	10/11
Project Costs										
Investment Costs	1.7	4.6	3.0	2.5	1.6	13.4				
Recurrent Costs	0.08	0.1	0.8	1	1.1	3.1	1.1	1.1	1.1	1.1
Total:	1.8	4.7	3.8	3.5	2.7	16.5	1.1	1.1	1.1	1.1

Notes: Data exclude contingencies.

Overview of public education expenditure and fiscal impact of the project in the two countries

A. St. Kitts and Nevis

a. Overview

Table 5.3 -St. Kitts and Nevis-
Consolidated data on Expenditure Levels in the Education Sector and Unit Costs
(in current EC$ millions)

	1995 (a)	1996	1997	1998	1999	2000	2001	2002
Total public expenditure in education	27.5	30.8	35.2	37.6	45.3	58.1	*72.7*	*68.8*
Total public recurrent expenditure in education	25.6	26.9	31.9	34.7	37.6	41.6	*43.1*	*46.9*
Total public expenditure in salaries in education	21.6	23.1	27.4	31.2	*34.8*	*37.2*		
Total public capital expenditure in education	1.8	3.9	3.2	2.9	7.7	16.5	*29.6*	*21.8*
Recurrent education expenditure/ Total education expenditure (%)	93	87	90	92	83	72	*60*	*68*
Salary education expenditure/ Recurrent education expenditure	84	86	86	90	*92*	*89*		

(%)								
Total education expenditure/ GNP (%)	4.6	4.9	5.2	5.3	6.2	n.a	n.a	
Total education expenditure/ National budget (%)	11.6	12.3	13.3	12.3	13.5	*12*	*15*	
Total recurrent education expenditure /total public recurrent budget (%)	13.1	12.5	14.2	13.7	12.6	*14*	*14*	
Recurrent expenditure in secondary education	A/: B/: 7.9	 8.8	11.1 8.5	11.3 8.9	12.8 *9.8*	*13.5* *10.0*	*14.8* *10.9*	
Salary expenditure in secondary education	A:/ B/: 7.8	 7.9	 8.5	 9.4	 *9.3*	*12.8* *9.5*	*14.5* *10.7*	
Salary expenditure in secondary education / Recurrent expenditure in secondary education (%)	A:/ B/: 97.5	 90.7	 100.4	 104.8	 95.6	*95* *94.4*	*98* *98*	
Memorandum items (secondary sub-sector):								
Number of students			4,624	4,626	4,639	4,632	4,571	
Number of teachers			349	353	358	376	360	
Pupil-Teacher ratio			13.2	13.1	12.9	12.3	12.6	
Unit Costs (current EC$)			2,397	2,437	2,760	*2,916*	*3,248*	
Unit Costs (in 1995 EC$)			2,287	2,250	*2,504*	*2,598*	*2,923*	

Notes: Numbers in Italic are estimates. (a) Fiscal Years = calendar years; A/ St. Kitts and Nevis; B/ Only St. Kitts.
Source: St. Kitts and Nevis-Ministries of Finance (several issues of the Budget Estimates) and own elaborations; St. Kitts and Nevis- Statistical Bulletin (various issues).

It can be inferred from the above information that St. Kitts and Nevis is generally giving increasing priority to education, as indicated by an increasing share of the national budget allocated to education expenditures (from about 12% in 1995 to about 15% in 2001) and an increase in the education expenditure-GNP ratio (from 4.6% in 1995 to more than 6% in 1999). However, the estimated consolidated 2001 budget (about EC$56 million for St. Kitts and EC$17 million for Nevis, with clearly over-estimated capital expenditure) appears to reverse the trend of high real growth rates of education expenditure and the 2002 budget (about EC$56 million for St. Kitts and EC$13 million for Nevis) even marks a decrease in nominal terms of the budget. The 2002 budget reduction is narrowly linked to the crisis which followed the September 11 events and, therefore, should not be seen as an indication of a future trend. However, the previously already deteriorating fiscal situation of the country (with a central government deficit which was projected to be around 11% of GDP in 2000 and an increasing debt-GDP ratio) would have made it difficult to sustain the past high real growth rates of the education budget in the medium/long run.

While the education expenditure analysis shows that the proportion of recurrent expenditure allocated to non-salary expenditures is satisfactory in the overall education sector (around 13% on average in the 1995-2001 time period), there is a serious imbalance in the allocation of resources within the secondary sub-sector: only 5% in the 2000 budget and 2% in the 2001 budget of recurrent expenditures are spent on non-salary expenditures such as maintenance and teaching materials. It is true that this figure is underestimating the total amount of resources directed to maintenance because the maintenance budget of the Ministry of Public Works is not considered here, but nonetheless, this proportion will need to be substantially increased to improve the quality of secondary education delivery.

The same analysis also shows that, in the secondary sub-sector, unit costs are quite high in comparison to St. Lucia. Unit costs increased by more than 25% in real terms between 1997 and 2001. Both the level of the costs and the increasing trend can be largely associated with the low and decreasing pupil-teacher ratio.

b. Projections

Assuming: (a) that the GNP real growth rate is around 3% over the 2001-2005 time period, following September 11 events and, above all, the fiscal adjustment that the country will have to implement to tackle the deteriorating fiscal situation, and 4% over the 2006-2010 time period; and (b) that education remains a clear priority for the country (as recently reiterated by the Ministry of Finance) in spite of the fiscal adjustment, we can project an annual real growth rate of the budget over the 2001-2020 time period of about 3% (reflecting a moderate real growth trend). Under this scenario, total project costs will amount to 6.1% of the total education budget in the implementation period and 0% in the operational one. On the recurrent side, the incremental recurrent costs produced by the project will represent about 0% of the projected recurrent budget, if we assume that this grows at a similar rate of 3% in both the implementation and operational period. This should not represent an excessive financial burden on the MED budget.

Table 5.4: St. Kitts and Nevis-Financial Impact of the project

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GNP EC$ millions (a) (b)	730	*759*	*782*	*805*	*829*	*853*	*879*	*914*	*950*	*988*	*1027*	*1068*
Education Budget EC$ millions (a)	45.3	*47.1*	*48.5*	*50*	*51.4*	*53*	*54.5*	*56.1*	*57.8*	*59.5*	*61.3*	*63.1*
Recurrent Education Budget (EC$ millions) (a)	37.6	*39.1*	*40.3*	*41.5*	*42.7*	*44*	*45.3*	*46.7*	*48.1*	*49.5*	*50.1*	*51.2*
Education Budget as share of GNP (%)	6.2	*6.2*	*6.2*	*6.2*	*6.2*	*6.2*	*6.2*	*6.1*	*6.1*	*6.0*	*6.0*	*5.9*
Project Cost (c)												
Investment				2.2	4.0	3.5	3.2	2.7				
Recurrent				0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total				2.3	4.1	3.7	3.4	2.9	0.2	0.2	0.2	0.2
Project Cost share of Education Budget (%)				4.6	7.9	7	6.2	5.1	0.0	0.0	0.0	0.0
Project Recurrent Cost share of Recurrent Education Budget (%)				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: In Italic: estimates. (a) In 1999 prices; (b) Assumes that GNP grows at an average of 3% between 2001 and 2005 and 4% between 2006 and 2010; (c) In 2001 prices (GDP deflator 2000: 1.8 ; GDP deflator 2001: 3.3)

0.8	1.5	1.3	1.2	1
0.03	0.05	0.09	0.09	0.07

B. St. Lucia – Overview

Table 5.5-SL -Data on Expenditure Levels in the Education Sector and Unit Costs (in current EC$ millions) (a)

	1994/ 1995 (b)	1995/ 1996	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002
Total public expenditure in education				106.6	109.0	120.1	*125.5*	174.6
Total public recurrent expenditure in education	76.6	84.9	88.0	92.9	97.8	99.7	*102. 6*	106.5
Total public expenditure in salaries in education	55.3	61.5	65.3	68.4	69.3	*70. 9*	76. 0	
Total public capital expenditure in education				13.6	11.2	20.4	*22.8*	68.0
Recurrent expenditure in education/total education expenditure (%)				87.2	89.7	83	*81.5*	61
Salary expenditure in education/ Recurrent expenditure in education (%)	72.2	72.4	74.2	73.6	70.9	*71*	74.1	
Capital expenditure in education/total expenditure in education (%)				12.8	10.3	17	*18.5*	39
Total public education expenditure/GDP (%)				6.8	6.5	6.6	*6.6*	
Total public education expenditure /National Budget (%)				23.9	23.4	*21.7*	17	20
Recurrent education expenditure/ Total public recurrent expenditure (%)				26.0	27.2	*26.8*	*28.5*	22
Capital education expenditure/ Total public capital expenditure (%)				15.4	10.5	*12.4*	7.6	18.7
Recurrent expenditure in secondary education	20.4	24.4	24.5	25.9	25.2	27.1	*28.3*	31.2
Salary expenditure in secondary education	17.8	21.9	21.9	22 .9	24.9	*24.8*	24.6	
Salary expenditure in secondary education/Recurrent expenditure in secondary education (%)	87.3	89.8	89.4	88.6	98.7	*91*	87	
Memorandum items (secondary sub-sector):								
Number of students	10190	1031 4	11082	11540	11847	12817	12865	
Number of teachers	619	620	632	630	640	645	678	
Pupil-Teacher ratio	16.5	16.6	17.5	18.3	18.5	19.8	19	
Unit Costs (current EC$)	1,998	2,366	2,208	2,509	2,127	2,117	*2,199*	
Unit Costs (in 1995 EC$)	2,100	2,366	2,208	2,450	2,033	*1,980*	*1,982*	

Notes: In Italic: revised estimates; underlined: estimates. (a) From 1995 to 1998 Expenditures for Culture and Labour were deducted from the total for the Ministry. Likewise from 1999 to 2001 Expenditures for Youth and Sports were subtracted; (b) Fiscal Years (1 April-31 March). Source: St. Lucia-Ministry of Finance (several issues of the Budget estimates) and own elaborations; St. Lucia-Education Statistical Digest (2000)

From the above information, it appears that St. Lucia is giving high priority to education, as indicated by a share of the recurrent national budget allocated to education expenditures of around 25-26% and an education expenditure-GDP ratio around 6.5%. The 2001/02 estimated education budget is increasing in real terms (even assuming that the capital budget is over-estimated), pursuing a trend of the last few years, and existing evidence suggests that the education sector will continue to be a constant priority of the country, maintaining positive real growth rates.

The education expenditure analysis shows a satisfactory share of capital and non-salary recurrent expenditure out of, respectively, total and recurrent expenditure in the overall education sector, as well as a generally satisfactory (around 12%) share of non-salary recurrent expenditure in the secondary sub-sector, which point to the production of quality education. These shares should be maintained or even, in the secondary education case, increased slightly.

The same analysis also shows that, in the secondary sub-sector, unit costs have been decreasing over the 1994-2001 time period (by around 6% in real terms), following a gradual and continuous increase in the pupil-teacher ratio (even if the 2001 figures show a slight reversal in this trend). A further slight increase in the pupil-teacher ratio would make it possible to decrease even more unit costs, increasing further the share of non-salary recurrent expenditure.

b. Projections

Assuming that the GDP real growth rate is around 3% over the 2001-2010 time period[19] and that education remains a strong priority for the country, we can assume that the education budget will grow at a similar 3% rate maintaining the education expenditure-GDP ratio around the current 6.6%. Under this scenario, total project costs will amount to an average of 6.3% of the education budget in the implementation period and to 1.9% of the same budget during the operational period. This should not represent an excessive financial burden on the MED budget. On the recurrent side, the incremental recurrent costs produced by the project will represent only about of 1.3% the projected recurrent budget (assuming this grows at a rate of 3% as well) in the implementation period and 2.3% in the operational one.

[19] Conservative assumption before the September 11 events, probably realistic now.

Table 5.6: St. Lucia-Financial Impact of the project

	1999 (a)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP (in EC$ millions) (b) (c)	1823	*1890*	*1947*	*2005*	*2065*	*2126*	*2189*	*2254*	*2321*	*2391*	*2462*	*2536*
Education Budget (EC$ millions) (b)	120	*125*	*129*	*133*	*137*	*141*	*145*	*149*	*154*	*158*	*163*	*168*
Recurrent Education Budget (EC$ millions) (b)	99	*102*	*105*	*108*	*111*	*114*	*117*	*121*	*125*	*129*	*133*	*137*
Education Budget as share of GDP (%)	6.6	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*	*6.6*
Project Cost (EC$ millions) (d)												
Investment				4.6	12.5	8.1	6.8	4.3				
Recurrent				0.2	0.3	2.2	2.7	3.0	3.0	3.0	3.0	3.0
Total:				4..8	12.8	10.3	9.5	7.3	3.0	3.0	3.0	3.0
Project Cost share of Education Budget (%)				3.6	9.3	7.3	6.5	4.8	1.9	1.9	1.8	1.8
Project Recurrent Cost share of Recurrent Education Budget (%)				0.0	0.0	1.9	2.3	2.4	2.4	2.3	2.3	2.2

Notes: In Italic: estimates. (a) Calendar years; (b) in 2000 prices from 2000 onwards; (c) Assumes that GDP grows at an average of 3% between 2001 and 2010 (projections based on the 2000 Art. IV IMF Consultation); (d) in 2001 prices (GDP deflator 2001: 2.5).

Annex 6A: Procurement and Disbursement Arrangements for St. Kitts and Nevis

OECS Education Development Project

Procurement

A) Procurement Arrangements

Procurement for the proposed project would be carried out in accordance with World Bank "*Guidelines: Procurement Under IBRD Loans and IDA Credits*", published in January 1995 (revised January/August 1996, September 1997 and January 1999); and "*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*" published in January 1997 (revised in September 1999 and January 1999), and the provisions stipulated in the Loan Agreement.

1) **Procurement methods:** The methods to be used for the procurement described below, and the estimated amounts for each method, are summarized in Table A. The threshold contract values for the use of each method are fixed in Table B.

Procurement of Works

Works procured under this project would include construction of a new secondary school in St. Kitts, and construction or rehabilitation of works in secondary schools in St. Kitts and Nevis, totaling US$2.6 million equivalent. Major contracts for these works will be procured following International Competitive Bidding (ICB) procedures, using Bank-issued standard bidding documents for small works. Works estimated to cost less than US$500,000 per contract, up to an aggregate amount of US$1.5 million will be procured following National Competitive Bidding procedures (NCB) using standard bidding documents agreed in advance with the Bank. Small works, estimated to cost less than US$150,000 equivalent per contract, up to an aggregate amount of US$400,000, may be procured on the basis of at least three quotations received in response to a written invitation, which will include a detailed description of the works, basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable.

Procurement of Goods

Goods procured under this project would include furniture for schools and the PMU, equipment and materials for labs, cafeterias, Learning Resource Centers and the PMU totaling US$2.5 million equivalent. To the extent possible, contracts for these goods will be grouped into bidding packages of more than $150,000 equivalent and procured following International Competitive Bidding (ICB) procedures, using Bank-issued Standard Bidding Documents. Contracts with estimated values below this threshold per contract and up to an aggregate amount of US$300,000 may be procured using National Competitive Bidding (NCB) procedures and standard bidding documents agreed with the Bank. Contracts for goods which cannot be grouped into larger bidding packages and estimated to cost less than US$25,000 per contract, up to an aggregate amount of US$150,000, may be procured using shopping (National /International) procedures based on a model request for quotations satisfactory to the Bank.

Selection of Consultants: Consulting services will be contracted under this project in the following areas of expertise: Technical Assistance for architectural designs and supervision of works, development of new curricula and related training programs, improvement of student evaluation, review of the teacher appraisal system, development of a communication and public awareness system, and establishment of a project management system. These services are estimated to cost US$0.74 million equivalent and would be procured using Bank Standard Request for Proposals.

Firms
All contracts for firms would be procured using QCBS except for simple contracts estimated to cost US$50,000 equivalent or less that would be procured using LCS or CQ up to an aggregate amount of US$200,000 each equivalent.

Individuals
Specialized advisory services would be provided by individual consultants selected by comparison of qualifications of three candidates and hired in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines, up to an aggregate amount of US$200,000.

Training: Training activities will include: cost of tuition, material and traveling for overseas Post graduate; cost of venue, food, materials and traveling to provide and/or attend local training seminars on new curricula, student evaluation, and Project Management. Training services are estimated to cost US$0.31 million equivalent and would be procured following shopping procedures whenever applicable.

School Improvement Projects (SIP): The Loan would partially finance the cost of goods and services for the implementation of demand driven sub-projects to be proposed by schools. Sub-projects are estimated to cost US$0.34 million equivalent. Goods for the subprojects will be procured under shopping procedures.

Recurrent Costs: Recurrent costs, such as costs of salaries of the PMU staff, physical facilities, and operation and maintenance costs for the PMU, will be entirely financed by the Government.

2) Prior review thresholds: The proposed thresholds for prior review are based on the procurement capacity assessment of the project management unit and are summarized in Table B. In addition to this prior review of individual procurement actions, the procurement plan will be reviewed and approved by the Bank annually.

With respect to each training program, the objective of the specific training program and the estimated cost of it shall be furnished to the World Bank for prior review and approval.

B) Assessment of the agency's capacity to implement procurement

An assessment of the capacity of the MOE to implement procurement actions for the project has been carried out and was approved by the Regional Procurement Advisor on March 23, 2002. The assessment reviewed the organizational structure of the proposed Project and found it satisfactory. A Project Management Unit (PMU) reporting directly to the Permanent Secretary will carry out procurement activities. This Unit will be composed by: a Project Manager, a Procurement Officer, a Coordinator for works and other project activities in Nevis, an Accountant, an Accountant's Assistant and an Administrative Assistant. The PMU will manage project procurement and funds, and coordinate project activities among the other Divisions involved in the Project. Terms of reference for consultant services will be prepared by the Educational Services Division in close coordination with the Planning Development Division. A Consulting firm will support the PMU in the design and supervision of civil works.

The main risks identified in the assessment include: (i) lack of national procurement rules and procedures; (ii) lack of staff with experience in World Bank procurement planning and procedures (but have successfully implemented a CDB-funded project); (iii) limited number of staff for PMU; (iv) the possibility that the MOE may not select a consulting firm with adequate qualifications to assist the PMU in the procurement and management of civil works contracts; and (v) possible delays on the design of school expansions due to lack of information on existing schools. The following plan to address these risks is included in the PCA report and was agreed by the MOE: ***By negotiations:*** (i) Annex 4 of the Loan

Agreement to include a statement establishing that the procurement under the Project will be made in accordance with the Bank guidelines and following the procedures included in the Project Financial Management and Operations Manual. ***By loan effectiveness:*** (i) Submission to the Bank of a satisfactory Request of Proposals for the selection of an engineering consulting firm to assist them in the procurement of works and management of the civil works contracts; (ii) submission to the Bank of terms of reference for the consulting services to be executed in the first year of the Project; (iii) establishment of technical committees to assist the Project Manager in the coordination of project activities; (iv) submission to the Bank of a satisfactory Financial Management and Operations Manual that includes standard documents for the procurement of works and goods under NCB and shopping methods, and Bank standard forms for bid evaluation. ***During project implementation:*** (i) training for the PMU staff in Bank procurement procedures, particularly on procurement planning and procurement of goods; (ii) appointment by the PMU of a consultant to assist in the design of a modern filing system; (iii) after the first six months of project implementation, revision of the PMU's staffing by the Bank and the PMU.

.

The overall project risk for procurement is AVERAGE. SOE-based disbursements will be used, based on the inexperience of the PMU with Bank-financed projects.

C) Procurement Plan

At appraisal, the Borrower developed a preliminary procurement plan for project implementation that provides the basis for the aggregate amounts for the procurement methods (per Table A). This plan was approved by the RPA and is in the project files. At the beginning of each calendar year, the Borrower will update the Procurement Plan with a detailed procurement schedule for the coming year

D) Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the PMU has recommended one full supervision mission every twelve months to visit the field to carry out post review of procurement actions. Based on the overall risk assessment (AVERAGE) the post-review field analysis should cover a sample of not less than 1 in 10 contracts signed.

Annex 6A, Table A: Project Costs by Procurement Arrangements for St. Kitts & Nevis
(in US$million equivalent)

Expenditure Category	Procurement Method				Total Cost (including contingencies)
	ICB	NCB	Other	N.B.F	
1. Works	**0.70** (0.49)	**1.50** (1.05)	**0.40** (0.28)		**2.60** (1.82)
2. Goods	**2.05** (1.64)	**0.30** (0.24)	**0.15** b/ (0.12)		**2.50** (2.0)
3. Consultant Services c/			**0.74** (0.55)		**0.74** (0.55)
4. Training Services d/			**0.31** (0.23)		**0.31** (0.23)
5. School Improvement projects e/			**0.34** (0.30)		**0.34** (0.30)
6. Recurrent Costs				**0.38** (0.00)	**0.38** (0.0)
7. PPF Repayment			**0.05** (0.05)		**0.05** (0.05)
8. Front end fee			**0.05** (0.05)		**0.05** (0.05)
Total	**2.75** (2.13)	**1.80** (1.29)	**2.04** (1.58)	**0.38** (0.00)	**6.97** (5.00)

Note: N.B.F. = Not Bank-financed.

Foot-Notes:

a/ Three quotations

b/ Shopping (National and International)

c/ Consultants Services. Details provided in Table A-1

d/ Include: cost of external fellowship for graduate, venue, food, materials and traveling to provide and/or attend seminars.

e/ goods and services for the implementation of projects to be proposed by schools

Annex 6A, Table A1: Consultant Selection Arrangements
(in US$million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost (including contingencies)
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	**0.45** (0.33)			**0.20** (0.15)	**0.20** (0.15)			**0.85** (0.63)
B. Individuals						**0.20** (0.15)		**0.20** (0.15)
Total	**0.45** (0.33)			**0.20** (0.15)	**0.20** (0.15)	**0.20** (0.15)		**1.05** (0.78)

Note: QCBS = Quality- and Cost-Based Selection
QBS = Quality-based Selection
SFB = Selection under a Fixed Budget
LCS = Least-Cost Selection
CQ = Selection Based on Consultants' Qualifications
Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.
N.B.F. = Not Bank-financed.
Figures in parenthesis are the amounts to be financed by the Bank loan.

Annex 6A, Table B: Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review
	US $ thousands		US $ millions
1. Works	> 500	ICB	All: 0.70
	< 500	NCB	First two contracts: 0.5
	<150	Three Quotations	None (Post Review)
2. Goods	>150	ICB	All: 2.0
	< 150	NCB	First two contracts: 0.1
	< 25	Shopping	None
3. Consultants and Training Firms	> 50	QCBS	All: 0.4
	< 50	LCS, CQ	None (post review)
Individuals	> 25	See Section V of Guidelines	All (TOR, contract, CV)
	< 25		None
Total value of contracts subject to prior review:			3.7

Overall Procurement Risk Assessment:

High	
Average	X
Low	

Frequency of procurement supervision missions proposed:
One every 12 months (includes special procurement supervision for post-review), reviewing a sample of 1 in 10 contracts signed.

Annex 6A, Table C: Allocation of the Loan Proceeds for St. Kitts & Nevis

Category	Amount	% of Category Cost to be Financed by the Loan
(1)Works	1.73	70%
(2)(a) Goods for Charlestown High School (2)(b) Goods for all other schools	0.20 1.71	80%
(3) Consultant Services & Training	0.78	75%
(4) School Improvement Projects	0.30	90%
(5) PPF Repayment	0.05	
(6) Front-end Fee	0.05	
(7) Unallocated	0.18	
Total Loan Amount	5.0	

FINANCIAL MANAGEMENT ARRANGEMENTS for ST. KITTS and NEVIS

Implementing entity

The Ministry of Education (MOE) has overseen the successful implementation of the Basic Education Reform Project, partially financed by CDB. The MOE will be responsible for project implementation, utilizing the structure of the PMU established under the CDB's Basic Education Reform Project. The PMU's experience obtained through the ongoing project has favored the learning and execution of financial management and audit practices that are somewhat congruent with World Bank's respective requirements.

The PMU is responsible for the management and administration of the project, including overall coordination and implementation of the project, coordination of the contributions of entities participating in this project, communication with the World Bank, procurement of all civil works, goods and services under the project, preparation of progress reports, maintenance of all project financial accounts and preparation and processing of applications for withdrawals of proceeds from the Loan.

The PMU is headed by a Project Manager, and staffed with a Senior Accountant (Treasury) and a Procurement Specialist. The project's Senior Accountant is presently responsible for processing payments through the government's treasury system, direct payments, and letters of credit and he will be considered to be an integral part of the project management team. The PMU has identified a qualified accountant in the Ministry of Finance (Budget Department) who will assume the day-to-day responsibilities of the Project Accountant.

Other areas of the Government of St. Kitts and Nevis (GSKN) that are key to the financial processes are the Ministry of Finance (MOF), in terms of treasury, control of assets, and the project's accounting and financial information, and the Budgeting Department (under the MOF). These agencies have also been recently examined under the Bank's CFAA exercise.

Oversight tasks are currently performed by the Auditor General's (AG) office. Based on the preliminary findings of the CFAA and current capacity of the office of the Director of Audit, it was evident that this office would not be able to fulfill the audit aspect of the Bank's fiduciary requirements and therefore it has been requested that independent private auditors be appointed prior to effectiveness.

There will be an implementing unit on the island of Nevis, staffed with a Project Coordinator. For financial management purposes, the procurement of goods and services, including payment and tracking of sources and use of Nevis funds, will be done centrally from the St. Kitts implementation unit. The Nevis Coordinator will be responsible for project management activities in Nevis, as well as coordinating with Procurement in St. Kitts to initiate procurement activities and monthly reporting on project status. In addition to being the central location for all procurement and accounting activities, St. Kitts will be responsible for sharing overall project financial statements with Nevis by providing monthly reports generated by the accounting system and the quarterly FMRs produced for the World Bank. Counterpart funds from Nevis will be made available into the project account in St. Kitts

Flow of funds

Procedures for flow of funds from the loan and the required counterpart contribution will be implemented with due regard to safeguarding project's resources (including IBRD requirements for use of the special account), and ensuring timely execution of payments.

Counterpart funding has not been a problem for the CDB project. The PMU submits its funding request via the MOE, and the approved funding levels are published in the annual estimates. The MOF (the Budget Division) also publishes a monthly update of expenditures reported and formally updates the budget allocations twice per year (March/April and August/September). Surplus balances are permitted to be carried forward on a monthly basis, and the ministry is able to submit a request for advance on future allocations in the event that the project is able to exceed the implementation plan. The MOF will issue an annual warrant for approved funds and will release the funds on a monthly basis (based on projections), and the budget is normally finalized by December 15 and is passed by December 31 for the subsequent fiscal year (January-December).

Disbursement Arrangements

The proposed loan would be disbursed over an implementation period of about five years. Disbursements would be made in accordance with guidelines set out in the World Bank's Disbursements Handbook (i.e., traditional disbursement procedures).

<u>Special Account.</u> The PMU will establish a Special Account in USD, in a commercial bank acceptable to the Bank. The Special Account is only to be used for eligible expenditures under the loan agreement. Under no circumstances may funds in the Special Account be used to cover the share of expenditures corresponding to the counterpart funds. Transfers from the Special Account to other project bank accounts will only be permitted to meet eligible expenditures for a limited period of no more than 30 days.

The Bank emphasized the importance of establishing the Special Account in a commercial bank, rather than the National Bank or the Central Bank - due to the negative experience of other Bank-financed projects with the Eastern Caribbean Central Bank (ECCB), where the processing of payments and other complex disbursement arrangements (e.g., Letters of Credits, US Dollar bank statements) are difficult to execute. The Bank was informed that the MOE usually operated its project accounts in a commercial bank, and it is expected that this arrangement will be utilized for the proposed project as well.

For replenishment of the Special Account, the PMU will prepare monthly (in any case not more than quarterly) requests for reimbursement of expenditures made.

<u>Statements of Expenditures (SOEs).</u> Loan withdrawal applications will be supported by SOEs for expenditures relating to contracts that are not subject to the Bank's prior review. Reimbursement of other expenditures would require submittal to the Bank of full supporting documentation.

Documents in support of SOEs must be maintained by the PMU at least until one year after the Bank has received the audit report for the fiscal year in which the loan withdrawal was made. Such documents must be available to review by external auditors and Bank staff.

<u>Other procedures.</u> Upon request from the Borrower and subject to the Bank's approval, payments may be made: (i) directly to a third party (supplier or consultant) for goods, works and services; (ii) to a procurement agent; or (iii) to a commercial bank for expenditures against a World Bank Special Commitment covering a commercial bank's letter of credit.

Staffing

The PMU has identified a qualified Accountant within the Ministry of Finance (Budget Department) who will assume the day-to-day responsibilities of the Project Accountant (part-time position) and report to the Project Manager. The PMU has also proposed the addition of an Account Clerk who will mainly be responsible for preparing payment vouchers with supporting documentation, responding to vendor inquiries and assisting the Project Accountant. The candidate for this position has not yet been finalized, but the person identified by the PMU has experience working as an Accounts Clerk for the CBD-financed Basic Education Reform Project.

The Senior Accountant (Treasury Operations) will provide senior-level support and facilitate and process requests for government funding. The Senior Accountant has benefited from a regional training workshop on Bank procedures and requirements. The Senior Accountant is a career civil servant and has aided the current project in processing all governmental payment requests and is familiar with MOF processes and procedures. The Senior Accountant will also need to be trained in the computerized accounting system, as he will be act as a supervisor and will need to obtain the familiarity and comfort of use with the system for monitoring and supervision purposes.

Accounting and internal control

Administrative procedures are currently in place to ensure that financial transactions are made with consideration to safeguarding project assets and ensuring proper entry in the accounting/monitoring systems. The project accounting system has the capacity to record assets, liabilities and financial transactions of the project, and produce financial statements useful to project management and to meeting IBRD's fiduciary requirements.

<u>Segregation of duties.</u> The PMU's organizational structure and established procedures in the Financial Management/Operational manual support an adequate segregation of procurement, budgeting, payment and recording activities. The authorization to execute a transaction is the main responsibility of the Project Manager. The recording of the transaction is the main responsibility of the Project Accountant. And, the custody of the assets involved in the transaction is mainly the responsibility of the Procurement Officer.

<u>Accounting.</u> The PMU's policies, procedures and system allow the recording of transactions under the cash basis in local currency, with classification of expenditures by disbursement category, project component and financing source; this is compatible with the Bank's recommended practices for project accounting. The MOE's own accounting system does not have that flexibility, which is the reason why the PMU will keep separate tracking of project accounts.

There has been no indication of computerized system-related errors and this was evidenced by the fact that accounts are maintained by the PMU in the accounting system and exported to spreadsheets and reconciled on a monthly basis.

Adequate documentation of financial transactions and subsidiary records such as project financial statements, bank reconciliation and payroll sheets, are kept up-to-date by the PMU. The PMU, under the CDB project, is required to submit monthly trial balances and account reconciliation to the CDB Project Manager. Furthermore, the accounts and records had been maintained according to IBRD standards.

Budgetary control. The PMU prepares annual operating plans and budgets. It does not utilize the GSKN's FOUR GEN financial software, which is only utilized by the MOF. The PMU's budgetary execution reports are produced each month and quarter, and formal project progress reports are prepared semi-annually by the PMU. Other non-periodic financial/progress documents are produced as needed. The Bank reviewed all of this documentation and found that it met the minimum requirement for financial management under OP/BP 10.02, however it has not yet met the standard for FMR-based disbursements.

For the proposed project, the projections of expenditures (per PAD and cost tables) will be broken down quarterly by the PMU in terms of project component, disbursement category and financing source. This exercise should be the basis for: (i) the preparation of the annual MOE's and PMU's budget proposal for the project; and (ii) the subsequent monitoring via quarterly financial statements.

Payments. The payment system used by the PMU with the GSKN/MOF Treasury Unit encompasses appropriate internal control procedures, as it allows for an adequate segregation of functions, review, recording and delivery of documents, and monitoring of bank account transactions.

The payment, by check or transfer, will be processed by the PMU against the recorded vouchers. Each disbursement from the Project Account will require any of the following two signatories:

- The Permanent Secretary, Ministry of Foreign Affairs and Education
- The Project Manager
- The Accountant General of the Assistant Accountant General

Written procedures. In the financial management area, a manual of payment procedures and a description of the accounting system have been prepared. For the new project, such documents will be updated and complemented with other areas, such as budget preparation, distribution and review of financial statements, follow-up to audit recommendations, management of subprojects, etc. Financial management procedures will be part of the project's Operational Manual.

Internal Audit

The PMU will be subject to review by the Auditor General's (AG) office. However, based on the preliminary findings of the CFAA, the current capacity of the office of the Director of Audit would not enable that office to fulfill the audit aspect of the Bank's fiduciary requirements. Although no internal auditor will be assigned to the project, the office of the Director of Audit may decided to perform some visits to the project, as they are using government funds.

External Audit

Annual project financial statements will be audited in accordance with International Standards on Auditing, by an independent firm and in accordance with terms of reference (TORs) both acceptable to the Bank. Auditors will provide audit opinions on project financial statements, Special Account and Statement of Expenditures (SOEs), a report on internal controls and a report on compliance with the terms of the loan agreement and applicable laws and regulations.

The PMU has provided the mission with a short list of potential audit firms and will appoint the auditors prior to loan effectiveness, with an annual contract to be renewed during the first quarter of each subsequent year.

The PMU will prepare, if needed, a plan to address any issues and recommendations contained in the audit reports. The action plan and follow-up activities will be communicated promptly to the Bank.

The table below summarizes audit requirements:

Audit Report	***Due Date***
Project financial statements	4 months after fiscal year end (April 31)
SOE	same as above
Special Accounts	same as above
Special purpose	same as above (internal control and compliance)

Audit compliance. This is the first World Bank-funded project to be managed by the Ministry of Education. Therefore, no audit compliance issues relevant to the proposed project have been identified.

Financial reports and monitoring

Financial statements and reports will be prepared in formats satisfying both the Government's and IBRD's monitoring and fiduciary purposes.

The quarterly financial statements for the new project will include cumulative and quarter information on: (i) sources and uses of funds; (ii) expenditures classified by project component and disbursement category compared to the respective projected figures; (iii) expenditures by source of funds; and (iv) reconciliation of the Special Account. The annual financial statements will include, additionally, the schedule of SOEs presented during the year.

For output/outcome follow-up, the new project will support the development of a Monitoring and Evaluation System, which will serve as basis for the output monitoring section of project management reporting.

The PMU will incorporate all activities (project, financial, and procurement) executed in Nevis, in the consolidated reporting to the Bank.

Risk assessment for St. Kitts and Nevis

Risk	*Risk Rating*	*Risk Mitigation Measures*
Inherent risk		
Country specific	High	Recruitment of full-time experienced financial staff of the PMU within MOE;
Entity/project specific	Moderate to Substantial	Training for FM staff and familiarization with Bank procedures, regulations and requirements
Control risk		
Implementing Entity	Moderate	Same as above.
Funds Flow: loan funds	Moderate to Substantial	Special Account opened in commercial bank acceptable to the Bank.
Funds Flow: counterpart funds	Moderate	Deposit of counterpart funds into separate operational account. Use of SOE for disbursement.
Staffing	Moderate to Substantial	Appointment of experienced FM personnel and trained in Bank policies
External Audit	Moderate	Appointment of auditors by loan effectiveness; interim audits
Reporting and Monitoring	Moderate	Bank support to generation of flexible draft FMRs prior to effectiveness

Financial Management Action Plan for St. Kitts and Nevis

Area / Action	Responsible Party	Expected date
1. Flow of funds		
1.1 Finalize bank selection for Special Account and get concurrence from IBRD on commercial bank used.	PMU with participation of the World Bank	April 02
1.2 Open the project bank accounts: the Special Account in US Dollars in the bank selected, the project account for counterpart funds and the account in EC$ for local payments.	PMU	May 02
1.3 Finalize contributions from Nevis as counterpart funds	PMU	May 02
2. Staffing		
2.1 Finalize the job description for the Account Clerk and include in the Financial Management/Operational Manual.	PMU	April 02
2.2 Finalize the selection of the person for the Account Clerk and submit CV to Bank.	PMU	May 02
2.3 Before effectiveness, extend the contracts of key PMU's financial staff to ensure continuation of efforts for the new project.	MOE	Sep – Nov 02
3. Accounting and internal control		
3.1 Update the Chart of Account in the accounting system to reflect the project component and sub-component.	PMU	April 02
3.2 Update the Financial Management and Operational Manual to include changes discussed during the Appraisal mission in April 2002. Areas to be change include, but are not limited to payment procedures, flow-of-funds, format of FMRs, disbursement procedures (based on SOEs), coordination with Nevis, procurement section and chart of accounts.	PMU	April 02
3.3 Create a fixed asset register report (to be included in the Financial Management/Operational manual).	PMU	April 02
3.4 Perform physical inventories, at least annually, of the project's register of assets.	PMU	On-going throughout implementation of project
3.5 Establish a system with the Procurement Officer and Project Manager for the preparation of annual budgets.	PMU	May 02
3.6 Once the loan agreement is negotiated, prepare annual project budgets (quarterly for the first year) considering, at least, segregation by source of funds, disbursement category and project component.	PMU	TBD

Area / Action	Responsible Party	Expected date
4. External audit		
4.1 Once the Bank clears the TOR and short list of auditor firms, proceed with the appointment of the external auditors.	PMU with participation of the World Bank	June 02
5. Financial reports and monitoring		
5.1 Review FMR format with Procurement Officer, TTL and Project Manager and review format	PMU	April 02
5.2 Once loan agreement is negotiated , submit first SOE for disbursement.	PMU	TBD
5.3 Once the loan agreement is negotiated, submit quarterly financial management report (FMR) to IBRD no later than six months after effectiveness.	PMU	TBD
6. Procurement		
6.1 Prepare au updated implementation schedule and procurement plan reflecting changed made during the Appraisal mission and submit to IBRD for review.	PMU	April 02

Annex 6B: Procurement and Disbursement Arrangements for St. Lucia

OECS Education Development Project

Procurement

A) Procurement Arrangements

Procurement for the proposed project would be carried out in accordance with World Bank "*Guidelines: Procurement Under IBRD Loans and IDA Credits*", published in January 1995 (revised January/August 1996, September 1997 and January 1999); and "*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*" published in January 1997 (revised in September 1999 and January 1999), and the provisions stipulated in the Loan Agreement.

1) Procurement methods: The methods to be used for the procurement described below, and the estimated amounts for each method, are summarized in Table A. The threshold contract values for the use of each method are fixed in Table B.

Procurement of Works

Works procured under this project would include construction of two secondary schools, rehabilitation of 10 secondary schools, expansion of two secondary schools and upgrading of one of the schools, and rehabilitation of two District Offices totaling US$9.66 million equivalent. Major contracts for these works will be procured following International Competitive Bidding procedures (ICB) procedures, using Bank-issued standard bidding documents for small works. Works estimated to cost less than US$1,000,000 per contract, up to an aggregate amount of US$3,200,000 will be procured following National Competitive Bidding procedures (NCB) using standard bidding documents agreed in advance with the Bank. Small works, estimated to cost less than US$150,000 equivalent per contract, up to an aggregate amount of US$200,000, may be procured on the basis of at least three quotations received in response to a written invitation, which will include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable.

Procurement of Goods

Goods procured under this project would include school furniture, computer equipment, books and educational materials, science equipment, technology equipment and office supplies totaling US$3.86 million equivalent. To the extent possible, contracts for these goods will be grouped into bidding packages of more than $150,000 equivalent and procured following International Competitive Bidding (ICB) procedures, using Bank-issued Standard Bidding Documents (SBDs). Contracts with estimated values below this threshold per contract and up to an aggregate amount of US$600,000 may be procured using National Competitive Bidding (NCB) procedures and standard bidding documents agreed with the Bank. Contracts for goods which cannot be grouped into larger bidding packages and estimated to cost less than US$25,000 per contract, up to an aggregate amount of US$100,000, may be procured using shopping (National /International) procedures based on a model request for quotations satisfactory to the Bank.

<u>**Selection of Consultants**</u>: Consulting services will be contracted under this project in the following areas of expertise: Technical Assistance for Architectural designs and supervision of works, development of a comprehensive maintenance policy for schools, Literacy and Numeracy Improvement Programs, and teacher training in New Curricula for lower secondary. These

services are estimated to cost US$1.41 million equivalent (includes training) and would be procured using Bank Standard Request for Proposals.

Firms
All contracts for firms would be procured using QCBS except for simple contracts estimated to cost US$50,000 equivalent or less that would be procured using LCS or CQ.

Individuals
Specialized advisory services would be provided by individual consultants selected by comparison of qualifications of three candidates and hired in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines, up to an aggregate amount of US$100,000.

Training: Training activities will include: cost of tuition, material and traveling for overseas Post graduate in School Social work; cost of registration, travel, venue, food and study tours for overseas training of Education Officers in School Management and Governance; cost of venue, food, materials and traveling to provide and/or attend training on: School Development Planning and SIP, Laboratory Technicians, Literacy and Numeracy, School Management and Governance, and Project Management. Training services are estimated to cost US$0.55 million equivalent and would be procured following shopping procedures whenever is applicable.

School Improvement Projects (SIP): The Loan would partially finance the cost of goods and services for the implementation of demand driven sub-projects to be proposed by schools. Sub-projects are estimated to cost US$0.42 million equivalent. Goods for the subprojects will be procured under shopping procedures.

Recurrent Costs: Recurrent costs, such as costs of salaries of the PMU staff, physical facilities, and operation and maintenance costs for the PMU, will be entirely financed by the Government.

2) Prior review thresholds: The proposed thresholds for prior review are based on the procurement capacity assessment of the project management unit and are summarized in Table B. In addition to this prior review of individual procurement actions, the procurement plan will be reviewed and approved by the Bank annually. The prior review threshold for consultants contracts for both individuals and firms has been fixed at US$40,000, as this is the level above which consultants contracts must be submitted to the Central Tender's Board of the Ministry of Finance.

With respect to each training program, the objective of the specific training program and the estimated cost of it shall be furnished to the World Bank for prior review and approval.

B) Assessment of the agency's capacity to implement procurement

An assessment of the capacity of the PMU to implement procurement actions for the project has been carried out and was approved by the Regional Procurement Advisor on March 23, 2002. The assessment reviewed the organizational structure of the proposed Project and found it satisfactory. A Project Management Unit (PMU) within the Planning and Development Division will carry out procurement activities. This Unit will be composed of: a Project Manager, a Procurement Officer, a Procurement Assistant, an Accountant, an Accountant Assistant and an Administrative Assistant. The PMU will manage project procurement and funds, and coordinate project activities among the other Divisions involved in the Project and will be assisted by a Consulting firm in the procurement of civil works. Terms of reference for consultant services will be prepared by the Educational Services Division in close coordination with the Planning Development Division.

The main risks identified in the assessment include: (i) the selection of a consulting firm with adequate qualifications to assist the PMU in the preparation of bidding documents, the carrying out of bid evaluations and the management of the works contract; (ii) limited staff exposure to Bank procurement procedures and procurement planning; (iii) lack of standard documents for the procurement of works and goods under NCB and shopping methods and for the evaluation of bids for works/goods and services; (iv) insufficient staff for project accounting; and (v) inadequate facilities for project filing. The following plan to address these risks is included in the PCA report and was agreed by the Minister of Education: ***By loan effectiveness:*** (i) the PMU will submit to the Bank a satisfactory request for a proposal document for the selection of the consulting firm to assist them in preparing bidding documents, evaluating the bids and managing the works contracts; (ii) the MOE will submit to the Bank the Project Financial Management and Operations Manual that includes standard documents for the procurement of works and goods under NCB and shopping methods, Bank standard forms for bid evaluation; (iii) the PMU will appoint an Accountant Assistant; and (iv) the PMU will provide substantive space for project filing. ***During project implementation:*** (i) the PMU staff will be trained on Bank procurement procedures, particularly on procurement planning and procurement of goods; and (ii) the PMU will appoint a consultant to assist in the design of a modern filing system.

The overall project risk for procurement is AVERAGE. The project is ELIGIBLE for FMR-based disbursements on procurement reporting grounds in view that the project includes the implementation of a Management Information System. However, SOE-based disbursements will be used, based on the uncertain appointment of the experienced project accountant.

C) Procurement Plan

At appraisal, the Borrower developed a procurement plan for project implementation which provided the basis for the aggregate amounts for the procurement methods (per Table A). This plan was approved by the RPA and is in the project files. At the beginning of each calendar year, the Borrower will update the Procurement Plan with a detailed procurement schedule for the coming year.

D) Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the PMU has recommended one full supervision mission every twelve months to visit the field to carry out post review of procurement actions. Based on the overall risk assessment (AVERAGE), the post-review field analysis should cover a sample of not less than 1 in 10 contracts signed.

Annex 6B, Table A: Project Costs by Procurement Arrangements
(in US$million equivalent)

Expenditure Category	Procurement Method ICB	NCB	Other	N.B.F	Total Cost
1. Works	**6.26** (5.01)	**3.20** (2.56)	**0.20** (0.16)		**9.66** (7.73)
2. Goods	**3.10** (2.43)	**0.66** (0.51)	**0.10** b/ (0.08)		**3.86** (3.02)
3. Consultant Services c/			**0.61** (0.55)	**0.25** (0.00)	**0.86** (0.55)
4. Training Services d/				**0.55** (0.00)	**0.55** (0.00)
5. School Improvement projects e/			**0.42** (0.38)		**0.42** (0.38)
6. Recurrent Costs				**3.48** (0.0)	**3.48** (0.0)
7. PPF Repayment			**0.26** (0.26)		**0.26** (0.26)
7. Front end fee			**0.06** (0.06)		**0.06** (0.06)
Total	**9.36** (7.44)	**3.86** (3.07)	**1.65** (1.49)	**4.28** (0.00)	**19.15** (12.00)

Note: N.B.F. = Not Bank-financed.

Foot-Notes:

a/ Three quotations

b/ Shopping (National and International)

c/ Consultants Services. Details provided in Table A1.

d/ Include: cost of external fellowships, venue, food, materials and traveling to provide and/or attend seminars.

e/ Goods and services for the implementation of projects to be proposed by schools

Annex 6B, Table A1: Consultant Selection Arrangements
(in US$million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost (including contingencies)
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	**0.31** (0.28)			**0.1** (0.09)	**0.1** (0.09)		**0.2** (0.0)	**0.71** (0.46)
B. Individuals						**0.1** (0.09)	**0.6** (0.0)	**0.70** (0.09)

Note: QCBS = Quality- and Cost-Based Selection
QBS = Quality-based Selection
SFB = Selection under a Fixed Budget
LCS = Least-Cost Selection
CQ = Selection Based on Consultants' Qualifications
Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.
N.B.F. = Not Bank-financed.
Figures in parenthesis are the amounts to be financed by the Bank loan.

Annex 6B, Table B: Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review
	US $ thousands		**US $ millions**
1. Works	> 1,000	ICB	All: 8.46
	< 1,000	NCB	First two contracts: 1.0
	< 150	Three Quotations	None (Post Review)
2. Goods	>150	ICB	All: 2.55
	< 150	NCB	First two contracts: 0.2
	< 25	Shopping	None
3. Consultants and Training Firms	> 50	QCBS	All: 0.55
	< 50	LCS, CQ	None (post review)
Individuals	> 40	See Section V of Guidelines	All (TOR, contract, CV)
	< 40		None
Total value of contracts subject to prior review:			**12.76**

Overall Procurement Risk Assessment:

High	
Average	X
Low	

Frequency of procurement supervision missions proposed:
One every 12 months (includes special procurement supervision for post-review), reviewing a sample of 1 in 10 contracts signed.

Annex 6B, Table C: Allocation of the Loan Proceeds for St. Lucia

Category:

Category	Amount of the Credit Allocated (Expressed in SDR)	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditure to be Financed
(1) Works	2,840,000.00	3,600,000.00	80%
(2) Goods	1,110,000.00	1,400,000.00	75%
(3) Consultant Services & Training	205,000.00	260,000.00	90%
(4) School Improvement Projects	134,000.00	170,000.00	90%
(5) PPF Repayment	205,000.00		
(6) Front-end Fee		60,000.00	
(7) Unallocated	306,000.00	510,000.00	
Total Loan Amount	4,800,000.00	6,000,000.00	

FINANCIAL MANAGEMENT ARRANGEMENTS for ST. LUCIA

Implementing entity

The Ministry of Education, Human Resource Development, Youth and Sports (MOE) has overseen the successful implementation of the Basic Education Reform Project, partially financed by World Bank Loan No. 3837-SLU and Credit No. 2676-SLU. The MOE will again be responsible for project implementation, utilizing the structure of the PMU established under the Basic Education Reform Project. The PMU's experience obtained through the ongoing project has favored the learning and execution of financial management and audit practices that are generally congruent with World Bank's respective requirements.

The PMU is headed by a Project Manager, and staffed with a Financial Manager/Accountant and a Procurement Specialist and various technical specialists (the PMU compromises the core of the Corporate Planning Unit within the MOECL). The project's Finance/Accounting Manager is responsible for budgeting and disbursements, accounting, and reporting, and is considered to be an integral part of the project management team. Additional support within the MOE will be provided from a supervisor for foreign-funded projects, who has pledged her support to assist the PMU with internal funding allocation and budget processes, and with internal (to the MOE) reporting and monitoring.

Other areas of the Government of St. Lucia (GOSL) that are key to the financial processes are: Ministry of Finance (MOF), in terms of treasury, control of assets, and the project's accounting and financial information, and the Accountant General and Budgeting Department (under the MOF). Auditing tasks are currently performed by the Office of the Director of Audit (who operates under Audit Act No. 26 of 1988), and the findings of the recent Country Financial Accountability Assessment (CFAA) found this department able to fully carry out its duties – even though the department lacks a full complement of human resources, there has been a recent training to provide the audit staff with computerized skills to audit modern financial [computerized] accounting systems.

Flow of funds

Procedures for flow of funds from the loan and the required counterpart contribution will be implemented with due regard to safeguarding project's resources (including IBRD requirements for use of special account), and ensuring timely execution of payments.

Counterpart funding has not been a problem for the Basic Education Reform Project. In order to obtain counterpart funds, the PMU submits its funding request via the MOE, and the approved funding levels are published in the annual estimates. Once the approved amount has been published, the PMU will request and receive counterpart funds every quarter by submitting a quarterly forecast to MOF. The MOF (the planning section) also publishes a quarterly update of expenditures reported an a quarterly funds forecast as well.

Disbursement arrangements

The proposed loan would be disbursed over an implementation period of about five years. Disbursements would be made in accordance with guidelines set out in the World Bank's Disbursement Handbook.

Special Account. The PMU will establish a Special Account in USD, in a commercial bank acceptable to the Bank. The Special Account is only to be used for eligible expenditures under the loan agreement. Under no circumstances may funds in the Special Account be used to cover the share of expenditures corresponding to the counterpart funds. Transfers from the Special Account to other project bank accounts will only be permitted to meet eligible expenditures for a limited period of no more than 30 days.

The Bank emphasized the importance of establishing the Special Account in a commercial bank, rather than the National Bank or the Central Bank – due to the negative experience of other Bank-financed projects with the Eastern Caribbean Central Bank (ECCB), where the processing of payments and other complex disbursement arrangements (e.g., Letters of Credits, US Dollar bank statements) are difficult to execute. The Bank was informed that the MOE usually operated its project accounts in a commercial bank, and it expected this arrangements to be utilized for the proposed project as well.

The PMU has expressed an interest for loan funds to be disbursed to the Special Account, on the basis of Financial Monitoring Reports (FMRs) sent to the Bank on a quarterly basis. The financial management system and procedures to be used for the new project follows the model established under BERP. The mission feels comfortable that if the same financial management system and procedures are used (this includes the involvement of the same Project Accountant), the PMU would be eligible to use FMR-based disbursement procedures. However, uncertainty around the appointment of the experienced project accountant could lead the Bank to encourage SOE-based disbursements.

For replenishment of the Special Account, the PMU will prepare monthly (in any case not more than quarterly) requests for reimbursement of expenditures made or Financial Monitoring Reports (FMRs).

<u>Use of statements of expenditures (SOEs)/Financial Monitoring Reports (FMRs)</u>.
Loan withdrawal applications may be supported by SOEs or FMRs for expenditures relating to the project.

Documents in support of SOEs/FMRs must be maintained by the PMU at least until one year after the Bank has received the audit report for the fiscal year in which the loan withdrawal was made. Such documents must be available to review by external auditors and Bank staff.

<u>Other procedures</u>. Upon request from the Borrower and subject to the Bank's approval, payments may be made: (i) directly to a third party (supplier or consultant) for goods, works and services; (ii) to a procurement agent; or (iii) to a commercial bank for expenditures against a World Bank Special Commitment covering a commercial bank's letter of credit.

Staffing

The PMU has identified a qualified Accountant who will assume the day-to-day responsibilities of the Project Accountant and report to the Project Manager. The proposed Project Accountant has a University degree in Business Administration and has obtained certification from the Chartered Association of Certified Accountant (ACCA) in 1993. Since 1995, he has been the Project Accountant for the Basic Education Reform Project. Through his experience with BERP, he has acquired sufficient knowledge of Bank's financial management and disbursement procedures and requirements. He has also gained extensive knowledge relating to the accounting system used.

One weakness has been identified as it relates to the staffing of the PMU. Even though all staff posts have been filled, the condition of employment of the Project Accountant presents a risk for the financial management of the project. The Accountant is seconded, which implies that at any time, without prior notification or arrangements, he could be reassigned or returned to his former position. The Bank, therefore, would recommend that the Accountant be officially appointed to this position or offered a contract prior to effectiveness to ensure continuity in the financial management of the Project.

The PMU has proposed the addition of an Account Clerk who will mainly be responsible for preparing payment vouchers/check requisition requests with supporting documentation, responding to vendor inquiries and assisting the Project Accountant. The candidate for this position has been identified within the Ministry of Education and has experience preparing purchase orders , working with spreadsheets and answering inquiries.

Accounting and internal control

Administrative procedures are currently in place to ensure that financial transactions are made with consideration to safeguarding project assets and ensuring proper entry in the accounting/monitoring systems. The project accounting system has the capacity to record assets, liabilities and financial transactions of the project, and produce financial statements useful to project management and meeting IBRD's fiduciary requirements. However, it should be considered that the PMU explore the possibility to expand the functionality of the accounting system (currently the PMU utilizes QuickBooks Pro) to incorporate a database system that can be linked to the financial accounting software in order to accurately track contracts and procurement activities and their respective implications on the financial cash flow of the project.

Segregation of duties. The PMU's organizational structure and established procedures in the Financial Management/Operational manual support an adequate segregation of procurement, budgeting, payment and recording activities. The authorization to execute a transaction is the main responsibility of the Project Manager. The recording of the transaction is the main responsibility of the Project Accountant. And, the custody of the assets involved in the transaction is mainly the responsibility of the Procurement Officer.

Accounting. The PMU's policies, procedures and system allow the recording of transactions under the cash basis in local currency, with classification of expenditures by disbursement category, project component and financing source; this is compatible with World Bank's recommended practices for project accounting. The MOE's own accounting system does not have that flexibility, which is the reason why the PMU will keep separate tracking of project accounts.

There has been no indication of computerized system-related errors and this was evidenced by the fact that accounts are maintained by the PMU in the accounting system and exported to spreadsheets and reconciled on a monthly basis.

Adequate documentation of financial transactions and subsidiary records such as project financial statements, bank reconciliation and payroll sheets, are kept up-to-date by the PMU. The PMU's organizational structure and established procedures support an adequate segregation of procurement, authorization, recording and custody activities.

Budgetary control. The PMU prepares annual operating plans and budgets. It does not utilize the GOSL's Smartstream financial software, which has been determined to be somewhat unreliable. The PMU's budgetary execution reports are produced each month and quarter (utilizing the FORM GEN-1 budget forms), formal project progress reports are prepared semi-annually by the PMU, and project financial statements in formats acceptable to IBRD are submitted annually to the Bank. Other non-periodic financial/progress documents are produced as needed.

For the proposed project, the projections of expenditures (per PAD and cost tables) will be broken down quarterly by the PMU in terms of project component, disbursement category and financing source. This exercise should be the basis for: (i) the preparation of the annual MOE's and PMU's budget proposal for the project; and (ii) the subsequent monitoring via quarterly financial statements.

Payments. The payment system used by the PMU with the GOSTL/MOF Treasury Unit encompasses appropriate internal control procedures, as it allows for an adequate segregation of functions, review, recording and delivery of documents, and monitoring of bank account transactions.

Written procedures. Even though a manual of payment procedures and a description of the accounting system had been prepared, an updated manual must be prepared to reflect the new organization with in the MOECL and its functions with the PMU. For the new project, such documents should be updated and complemented with other areas, such as budget preparation, distribution and review of financial statements, follow-up to audit recommendations, management of subprojects, etc.

Audit

The PMU will be subject to review by the Director of Audit.

Annual project financial statements will be audited in accordance with International Standards on Auditing, by the Director of Audit and in accordance with terms of reference (TORs) both acceptable to IBRD. Audit reports from the Director of Audit have been delivered on time and have been of consistent quality. Furthermore, the Director of Audit is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and the Caribbean Organization of Supreme Audit Institutions (CAROSAI).

Therefore, the appraisal team has suggested that the PMU continue using the Office of the Director of Audit, provide an updated Terms of Reference and submit a Letter of Understanding to the Bank from the Director of Audit indicating that the Office will provide auditing services to the project.

The PMU will prepare, if needed, a plan to address any issues and recommendations contained in the audit reports. The action plan and follow-up activities will be communicated promptly to the Bank.

The table below summarizes audit requirements:

Audit Report	*Due Date*
Project financial statements	4 months after the end of the reporting period (July 31)
SOE	same as above
Special Accounts	same as above
Special purpose	Same as above (internal control and compliance)

Audit compliance. As of the date of appraisal, the final audit for BERP had not been submitted to the World Bank (due July 2001). The main reason given for the delay was the unavailability of the Project Accountant, as he had been reassigned to another department within MOE after the project ended in December 2000. The required documentation has now been sent by the PMU to the Office of the General Auditor, and the Director of Audit has committed to finishing the audit within the next six weeks. The Bank has received a note from the Director confirming that the audit will be submitted by 17 May 2002.

Financial reports and monitoring

Financial statements and reports will be prepared in formats satisfying both the Government and IBRD's monitoring and fiduciary purposes.

The PMU's Accountant will be responsible for producing monthly reports (reconciliation and the project's sources and uses of funds, a matrix classifying receipts and expenditures by financing source, subcomponent and disbursement category) to share with the Project Manager and Procurement Officer.

Each quarter, the PMU will prepare Financial Monitoring Reports (FMRs) to be submitted to the Bank. The FMRs will include a narrative outlining the major project achievements for the quarter, the project's sources and uses of funds, a detailed analysis of expenditures by sub-component, a physical progress report, a procurement report and a procurement table. FMRs should be submitted to the Bank no later than 45 days after the end of the reporting period. Quarterly reports will also be submitted to the Ministry of Finance (budget section) and to the PAC.

The annual financial statements will include the project's sources and uses of funds, a detailed analysis of expenditure by sub-component, the schedule of SOEs or FMRs presented during the year and a reconciliation of the Special Account. These reports will be made available to the auditors after the end of the fiscal year.

Risk assessment

Risk	*Risk Rating*	*Risk Mitigation Measures*
Inherent risk		
Country specific	Moderate	Establishment of PMU within MOE.
Entity/project specific	Negligible	Staff of existing MOE gained exposure to Bank procedures through involvement with BERP.
Control risk		
Implementing Entity	Negligible	Staff of existing MOE gained exposure to Bank procedures through involvement with BERP.
Funds Flow: loan funds	Negligible	
Funds Flow: counterpart funds	Moderate	Approval of project prior to negotiations and inclusion in annual budgets.
Staffing	High	Project Accountant has not been officially appointed; request to appoint Project Accountant prior to effectiveness.
Accounting policies and procedures	Moderate	Development of a Financial Management/ Operational manual
Internal Audit	Negligible	
External Audit	Moderate	Appointment of auditor prior to effectiveness.
Reporting and Monitoring	Moderate	Draft FMRs generated prior to effectiveness.
Information Systems	Negligible	

Financial Management Action Plan

Action	*Responsible Entity*	*Completion Date*
1. Flow of funds		
1.1 Open the project bank accounts: the Special Account in US Dollars in the bank selected, the project account for counterpart funds and the account in EC$ for local payments.	PMU	May 02
1.2 IBRD needs to decide if FMR–based disbursements can be used for this project (PMU expressed an interest in this type of disbursement, but further analysis is needed) .	IBRD	April 02
2. Staffing		
2.1 Submit CVs to IBRD for key financial positions.	PMU	May 02
2.2 Before effectiveness, extend the contracts of key PMU's financial staff to ensure continuation of efforts for the new project.	MOECL	Sep – Nov 02
3. Accounting and internal control		
3.1 Update the Financial Management and Operational Manual to include changes discussed during the Appraisal mission in April 2002. Areas to be changed include, but are not limited to payment procedures, flow-of-funds, format of FMRs, disbursement procedures (based on SOEs), procurement section and chart of accounts.	PMU	April 02
3.2 Finalize the chart of account.	PMU	April 02
3.3 Perform physical inventories, at least annually, of the project's register of assets.	PMU	On-going throughout implementation of project
3.4 Once the loan agreement is negotiated, prepare annual project budgets (quarterly for the first year) considering, at least, segregation by source of funds, disbursement category and project component.	PMU	TBD
4. External audit		
4.1 Obtain a written commitment from the Office of the Director of Audit with a timeline for the June 30, 2001 audit delivery.	PMU	April 02
4.2 Submit audit report on PMU's financial statements as of June 30, 2001.	PMU	April – May 02
4.3 Prepare the audit TORs for the Office of the Director of Audit.	PMU	April 02
4.4 Obtain a letter of Understanding for audit arrangements.	PMU	June 02

Action	*Responsible Entity*	*Completion Date*
5. Financial reports and monitoring		
5.1 Finalize FMR format and review with Project Manager and Procurement Officer.	PMU	April 02
5.2 Once the loan agreement is negotiated, submit quarterly financial management report (FMR) to IBRD no later than six months after effectiveness.	PMU	TBD
6. Procurement		
6.1 Prepare au updated implementation schedule and procurement plan reflecting changed made during the Appraisal mission and submit to IBRD for review.	PMU	April 02

Annex 7: Framework for Environmental Assessments

OECS Education Development Project

Based on the review of (i) Bank environmental and social safeguard policies; (ii) actual case studies for dealing with Safeguard issues in education projects; and (iii) existing guidelines (social funds, small construction, roads), a framework has been prepared which includes the following:

- (i) standard tables of project typologies and screening criteria for compliance with safeguard policies;
- (ii) an outline for project specific environmental and social assessment reports based on project typology and category;
- (iii) minimum requirements for compliance with World Bank safeguard policies and disclosure requirements and a checklist for due diligence by Bank staff to appraise proposed projects;
- (iv) templates for specific issues (EA, indigenous peoples, resettlement, consultation and disclosure requirements) for education projects; and
- (v) a simplified standard set of guidelines of environmental specifications for construction of schools and a set of environmental clauses to be included in school construction contracts.

This framework will be used for all new construction and rehabilitation of schools by the countries included in the OECS Education Development Program. A copy of the framework can be found in the Project Files.

Annex 8: Social Assessment Summary

OECS Education Development Project

Objectives and Methodology

A social assessment (SA) was conducted during the preparation phase of the program. Given the limited resources allocated to the SA, the choice was made to focus on consulting with the users of the secondary schools: students, parents, teachers and school leavers. The fieldwork for the SA was conducted in March 2001 in Dominica, St. Kitts and Nevis and St. Lucia.

A total of **27 discussion groups** were conducted for the assessment involving approximately **235 participants in the four islands**. Consultations took the shape of discussion groups in each country in at least two schools, with boys and girls separately (4^{th} and 5^{th} formers); and with teachers and parents in one school. On all four islands, users in two schools were consulted and one of these schools was a rural school. In addition, secondary education issues were also discussed with Four groups of recent graduates and secondary school graduates enrolled in a secretarial program; and three groups of students enrolled in skills training or alternative programs.

These results were integrated with secondary sources which provided quantitative data at the regional level as well as a number of youth and education studies. The final report integrates feedback and additional information provided by counterparts during a presentation of preliminary findings conducted in early May 2001.

Results

The objective of the SA was to offer students a voice in the design of secondary education reform and to identify areas of future investigation. The project managers were interested in issues of inequity of access to quality education. The study's main focus was on students' perceptions, concerns and expectations of the school. Expectations and attitudes are key to determining behavior within the system. School-leavers, parents and teachers were included to offer contrasting perspectives and context within which to understand student statements.

The results of the consultations highlight some critical issues about secondary reform in the four islands:

i. The opportunity cost of education for students in Saint Lucia and Dominica which seems to be underestimated by teachers and other officials.
ii. Low quality of teachers – their lack of motivation, teaching skills, and psycho-social skills to handle social issues affecting their students -- especially among young teachers.
iii. Violence in the schools, described as the lack of safety but also widespread knife fights exacerbated by the perceived disinterest or fear of teachers and administrators to intervene.

Equity of access and opportunity costs for schooling

Inequity of access to quality education in Dominica and Saint Lucia because of a reliance on exclusion from the system to allocate scarce resources – i.e. places in secondary schools. While the system is predicated on determining access based on merit, other determining factors are at play including gender and SES.

Obstacles to access secondary school are for students, individual capacity, money and parental support. Students pointed to the high cost of lessons necessary to compete for placement in the best schools in Saint Lucia and Dominica. Once in secondary school the costs only increase – transportation, uniforms and textbooks. Large costs such as textbooks are most problematic. Yet recurrent costs are also problematic given low and irregular incomes – often leading to absenteeism and drop out.

The system in all four islands is overburdened. Schools management of resources also result in inequities for the students, mostly those in the lower streams. Irrational management worsens resource allocation. While schooling is required until fifteen or sixteen years of age depending on the island, little is done to enforce attendance or to ensure that drop outs from one school access schooling in alternative institutions. Thus, a number of (often troubled and/or lower income) children fall out of the system that mandates but does not track or support their access to continued education.

Access to quality education is also inequitable since a significant proportion of children will get a second-tier education (in less popular schools, unable to chose their curriculum because of limited subject choices within schools, attending lower streams, limited to non-secondary education, and unable to obtain General CXC passes) increasing their chances of educational failure. Segregated in these lower tiers of the education system – in Junior Primary, Senior secondary or lower streams -- a minority of students find the means to reinsert themselves into the mainstream system through repetition of classes. The correlation between low income and lower quality schooling – poor schools, lower streams – is most troubling as it points to risk antecedents which need to be addressed through the school to ensure equity of access.

1. QUALITY TEACHING

Boy's underperformance is a significant characteristic of the system, however girls' underperformance is no less important for their and their children's future. Underperformance also puts into question the effectiveness of the system – including the pre-primary and primary school systems which is unable to teach basic literacy and numeracy to a large proportion of its students and passes on these issues to secondary schools. Children who attend pre-school are more likely to perform well in primary school and create for themselves a history of educational successes.

Students also underlined the impact of low qualifications and low morale of certain teachers, especially young inexperienced teachers who are unable to effectively and inclusively impart material as well as create a positive atmosphere of learning in the classroom. In discussions with students, the role of teachers emerged as central in the discussions regarding dropout, performance and addressing youth issues. This finding echoes other regional studies that place students' attitudes toward teachers as the main determinant of student outcome. Teachers' attitudes toward students and how they are perceived by students are the only determinants of student outcome that are controllable at the school level.

Increased parental involvement and curriculum reform are crucial in building an effective school for all students regardless of achievement level and subject interests.

2. VIOLENCE IN SCHOOLS

Another critical issue that arose from these discussions is the students' concern about school violence and safety. Youth described a school where those at risk – acting out, low performers – have few allies and connections to the authority figures. This isolation along with the high level of concern for social issues in school among both students and teachers points to a gap in meeting student and teacher needs. Current efforts are offering counseling did not translate into a perceived benefit for students. Further regional distinctions are outlined in Annex 3 of the Social Assessment *(see Project Files)*.

Recommendations made during interviews

Recommendations by the discussion group participants are in large part coherent with the reform project undertaken by the governments in terms of its focus on improving school infrastructure and updating resources; upgrading teaching resources; revising the curricula to include learner centered teaching, extracurricular activities and to reflect the current employment opportunities; improving equity of access to quality of education for all including boys and low performers; address issues of at-risk youths; and strengthening the capacity of school management. However, though the goals are coherent, based on these discussions, teachers, students and parents say that the reforms must in some cases go further toward qualitative improvements than what the program has currently envisioned. In particular, students are concerned about teaching quality and student safety within the schools. Another focus of interest is youth at risk who mostly receive very incomplete services within the school if any.

- Students believe that the government reform should:

  (1) improve the physical plant of the school, including structures and access to equipment (science labs, libraries, study halls, teaching materials, computers, vocational training tools and equipment);
  (2) improve teachers' teaching skills to make classes less boring, more lively, hands on and interactive and help teachers be more effective with slow learners;
  (3) improve security in schools (violence, gangs, fencing);
  (4) revise the regulations regarding punishment: ending corporal punishment and verbal abuse by teachers;
  (5) provide subsidies for lower income students (transportation, textbooks, lunch, etc.);
  (6) revise the curricula to: (a) include non-academic subjects, vocational training, (b) provide work-related skills and experience, (c) provide viable alternatives to the general CXCs; and (d) increase extracurricular activities;
  (7) change parents' and students' attitude about education – emphasize importance of parental involvement and encouragement, and
  (8) help students deal with family issues through the provision of counseling and training of teachers in dealing with students.

- In addition to the issues mentioned by students, parents focused on:

  (1) revising the curriculum to refocus on essential academics such as English and math, eliminating some superfluous academic topics and replacing them with practical work skills;
  (2) finding ways to retain and motivate teachers and
  (3) attracting more parental involvement – including fathers -- to support the school.

- Teachers echoed many of the concerns of students and parents. Most notably, they also requested that the government:

  (1) train teachers in teaching methods;
  (2) provide training in child psychology and classroom management;
  (3) provide schools with LD trained teachers;
  (4) make retraining and continuing education more affordable and accessible, and
  (5) empower school level governance through effective student councils, powerful principals and clear distinction of roles with the Ministry of Education.

Conclusions of the report

The report itself focused its recommendations on the program objectives. In brief, the recommendations are aimed at the following three categories of action:

- Improving the learning environment through improved school plants, provision of equipment, improved security and more efficient management and equitable access to resources within the schools;
- Increasing equity of access to quality education for all students including low performers (including improving quality of human resources and improving the curriculum) through revision of curriculum (development of an alternative to the CXCs, increasing non-academic curriculum, provision of after-school programs teaching skills training for teachers and other, improved targeting for financial support of poor students, provision of alternatives to mainstream schooling to dropouts, low performers and the Caribs (in Dominica); and
- Improving school management through improved school management capacity, teacher and student (through student councils) involvement in management, and parental involvement through improved accessibility of parent meetings as well as a review of impact of meetings.

Annex 9: DFID Support for St. Lucia

OECS Education Development Project

Introduction

The countries of the Windward Islands, through their respective Education Sector Development Plans, have identified the goal of universal secondary education as one of the key priorities to be pursued within the short to medium term. The attainment of a minimum of secondary education by the majority of the population is viewed as a means of increasing the competitiveness and productivity of the workforce thereby reducing their vulnerability to poverty. In pursuit of that broad goal and in an attempt to address identified concerns in their education systems, St. Lucia and Dominica, together with St. Kitts, have sought the financial support of the World Bank and DFID for undertaking the OECS Education Development Project (OEDP).

The project seeks to address problems of: a) inequitable and low rates of access to secondary education where the poorer groups are excluded from participation; b) poor quality of education at the secondary school level as evidenced by low success rates in terminal examinations, low student enthusiasm for pedagogic methodology and content and an absence or poor quality of learning supplies, equipment and space; and c) ineffective management and governance of schools that depends on inefficient information flows, an acutely centralized decision-making system and weak budget management and monitoring system. Despite recent efforts by Government to deal with these under previous and ongoing projects, considerable inputs and reforms are needed in the education sub-sector to establish a base for human capacity development in the countries.

As part of its commitment to promoting better educational opportunities for poor people, DFID has offered its support for the OEDP and, in particular, to address the problems of low achievement, poor quality and high inequity that evidently plague the education systems of the individual countries of the sub-region. DFID commitment to these objectives is exemplified in its funding of technical support to all four of the Windward islands in their efforts to develop comprehensive sector plans. The organization is now prepared to work with the governments in the implementation of some of the priority objectives identified in those plans. DFID support for St. Lucia within the OEDP is described below.

ACTIVITIES TO BE FINANCED IN ST. LUCIA

DFID will contribute grant-funding equivalent to US$0.8 million in support of some of project activities described in the project description for St. Lucia. These funds will be used to finance activities under the technical assistance category of the project that addresses namely improvement of quality teaching and learning. Specifically, these funds will be used for:

a.	Technical assistance	300,000
b.	In-country training activities	300,000
c.	Study tours	100,000
d.	Knowledge promotion	50,000

The amount in brackets is the upper funding limit (in US dollars) that would be expended on each subcategory. DFID will support a flexible approach in the implementation of the components it will support and will allow some movement of funds across those categories.

Technical assistance and training

Project inputs in the form of local and foreign expert services will be provided to support several activities during implementation, as described below. DFID funding will be utilized to procure a total of approximately 300 days of short-term consultancy inputs *(see summary in Attachment 1)*. Additionally, funds will be utilized to provide local training in support of the project objectives. In many cases these training activities will be closely related to the consultant services being provided *(see summary in Attachment 2)*. These training activities include several programmes for teachers and principals which are aimed primarily at improving classroom pedagogy and at enhancing school development planning. While most of the training activities will be in the form of local workshops/seminars spread throughout the eight school districts, some longer-term overseas training in the areas of school social work is envisaged. This is expected to boost local capacity in the areas of school social work and guidance and counseling in order to provide better support for disaffected youth. Some study tours and attachments are also planned.

Literacy and numeracy improvement:
Student performances on national and regional examinations show evidence of low and unacceptable achievement in the areas of literacy and numeracy. Many students, evidently those from poorer families, complete the primary cycle unable to read and write while some of those who move on to secondary are unable to participate adequately at that level. DFID funding will help to build on previous work done on literacy and numeracy issues with a focus on identifying the nature and magnitude of the problems in those areas. The technical analysis and sample assessments should guide subsequent project work in formulating new literacy and numeracy programmes. Expert services will also assist in establishing a coordinated framework for several ongoing projects and initiatives that attempt to address literacy and numeracy enhancement.

A project preparation study on Literacy and Numeracy pointed to the need for a series of teacher training activities to address deficiencies observed in classroom practices across schools in St. Lucia. DFID funding will support school-based professional development of teachers with emphasis on use of varied teaching strategies and in the implementation of new literacy and numeracy programmes. Those training workshops will encourage sharing of exemplary practices.

It is expected that new programmes will be developed under the OEDP among a wide range of strategies to improve student achievement in literacy and numeracy. These programmes will be introduced on a pilot basis in select schools and later will be rolled out to all schools in the system. DFID funds will support training workshops for teachers and principals of pilot schools towards the implementation of those new programmes.

Student support services:
Based on the social assessment study and preparation studies on Youth-at-Risk, there is strong evidence that existing student support services are grossly inadequate to meet the current needs of disadvantaged students. Many of these programmes appear as stand-alone initiatives and there is little coordination of these services within education or across government institutions. DFID funding will support MOE efforts in a formal assessment of its existing compensatory and welfare programmes in an effort to better target those disadvantaged and at-risk students and to improve articulation between these programmes. The roles and functions of guidance counsellors and school social workers will also be reviewed and weak capacity in those areas will be strengthened through training. DFID funds will support local training for teachers in school social work, guidance, counselling and special education. The funds will also be used for overseas training in counselling and school social work at the post-graduate level for select teachers, particularly those who have a first degree in psychology.

School Development Planning:
Under the recently completed BERP, school principals and senior teachers of primary and secondary schools received training in school development planning. While the preparation of school development plans have become a feature of school level planning, there is a perception that there is insufficient meaningful participation in the process by teachers, students and parents. With the increasing importance now being placed on school development planning and in the use of school improvement projects, the OEDP will seek to foster more effective participation of all key interest groups in the planning process. This will be done by formally introducing the concept and process to teachers, students and parents through a series of training seminars. DFID funding will facilitate the hiring of expertise in school development planning to work with a local core of principals and education officers who are, themselves, best practitioners in school development planning to develop a training programme and to run those seminars across several school districts.

Design of new curricula:
Under the OEDP, the MOE will undertake curriculum reform to include a design of new core curricula for the lower secondary level and, in so doing, build on work that has already been done at the sub-regional level. In the process it will seek to integrate identified co-curricula activities so as to give them more relevance to student learning experiences at that level. DFID funding will support national efforts at formulating the curriculum outlines and procuring expert services to undertake the final design of the curriculum. The process will involve a series of consultations to determine the content and design of the core curriculum that was defined at a recent World Bank-sponsored sub-regional workshop in St. Lucia. DFID funding will support the necessary consultations aimed at detailing the core curriculum and in support of work groups to finalise the design work. Funding will also be provided for the local training of curriculum officers, heads of department of secondary schools and education officers as a strategy to strengthen the base support in instructional supervision and general provision of professional guidance to teachers.

Student assessment:
The CEE is expected to continue to be a feature of the assessment system for some time in St. Lucia even with the move to provide universal secondary education (USE). There have been numerous calls for its review both as a selection mechanism and as a diagnostic tool. More recently the DFID-sponsored OEDP preparation study on Literacy and Numeracy pointed to the need to review the assessment and examination systems currently in existence. These tests seem to be at the core of factors impeding student learning. Thus, within the broader context of a continuous assessment system, all existing local examinations, including the CEE, will be reviewed under the OEDP. DFID will support this initiative by funding technical assistance and consultations related to the reform of examinations. The outcome of these activities would be a proposal for an alternative to the current examinations. Funds will also support a preliminary study on the development of a national school completion certificate. This certificate will complement CXC certification. DFID funds will support training of select teachers and measurement officers in school-based assessment, performance assessment and in organising for remedial work. Training will be in the form of local seminars and work attachments at examinations centres.

Teacher Training:
The OEDP preparation study on teacher training pointed to the need for a redefinition of existing teacher training programmes to make them more relevant to the educational needs of the school system. Both the content and the practice need to be reviewed, particularly in the areas of curriculum implementation, student-centred learning and the use of new technologies in the teaching and learning process. DFID funding will support technical assistance to design new teacher training programmes in collaboration with the Sir Arthur Lewis Community College (SALCC) who would be expected to deliver most of these programmes. The services will include facilitation of consultations on the new programmes and advising on the best modalities for delivery. These new programmes will complement the existing secondary teacher training programme offered by SALCC to address deficiencies in curriculum delivery, lack of

variety in teaching strategies and inadequacy of content knowledge. DFID will support teacher-training workshops in the delivery of those new programmes.

Project Management Support

DFID has provided technical assistance support through the Windward Island Education Programme Manager during the preparation and design of the project and is committed to continuing this support during project implementation and monitoring. The Education Programme Manager will be part of the core team on supervision missions and will advise on implementation issues as appropriate.

Additionally, DFID would support the contracting of a management consultant to organise the TA component of the project described above. The firm will handle the anticipated workload associated with the management and administration of the TA, training (including study tours) and knowledge support inputs outlined above. The firm may also provide similar services to other countries of the Windward Island who are participating in the OEDP. In the performance of its duties, the firm will work in close collaboration with the Project Management Unit and other implementation units of the Ministry of Education. In the process, it is expected to relieve personnel there of the pressures associated with the effective and efficient deployment of those aspects of the project.

The broad duties of the firm will include: a) recruiting, managing and supervising consultant inputs; b) sourcing appropriate training programmes and assisting in the placement of qualified candidates to pursue these programmes; c) organising study tours; and d) managing funds provided by DFID in support of the OEDP.

The procurement of the management firm will be done by DFID in collaboration with the Government in accordance with DFID, EU and World Bank guidelines for procurement. A contract will be awarded following joint DFID/Government and World Bank (if appropriate) evaluation of tenders.

Most of the activities to be undertaken by expert services and the related training to be provided are expected to front-loaded in the implementation plan. This is because several other activities to be undertaken under the project depend on the successful and early completion of those that have been identified for DFID support. It is therefore anticipated that DFID funding be fully disbursed within the first two years of the project.

Attachment 1

Summary of consultant services to be funded by DFID

Component/ Sub-component	Objective	TORs
B.2. Improving quality of Teaching and learning		
New curricula, instructional supervision, assessment and teacher training	a. Design of new curricula	Advise on new lower secondary curriculum design based on selected core and the need to integrate co-curricula activities; guide a team of local experts in developing curricula; ensure articulation with CXC and with upper primary curriculum
	b. Reform of CEE	Review of existing examinations; Facilitate consultations on a reform of the CEE; propose alternatives to the CEE taking into consideration its selection and diagnostic roles, and testing of wider range of abilities and skills;
	c. Development of National Secondary School Certificate	Advise on best approach to the development of a school leaving certificate; offer elements of existing good practices in the region that might be applied to the local situation; recommend strategies for marketing of certificate; develop a strategic plan for the development and implementation of the new certification.
	d. Design of New teacher training programmes	Establish guidelines for new training programmes; facilitate consultations on content and method of delivery of new training; advise programme development teams in new programme development; source best practices in modern teacher training programmes
Literacy and Numeracy Improvement Programme	Review of the nature and magnitude of problems in literacy and numeracy	Conduct item analysis on tests; perform error analysis; analyse sample of student's output; conduct sample testing; support local expert group in design of new programmes to address causes of low literacy and numeracy
Organisation and provision of support services to students	Assessment of existing student support programmes and conducting of local training	Review existing education and social student support programmes; assess their impact on needy students; advise strategies for better targeting to reach most needy students; review roles and functions of programme deliverer such as guidance counsellors and social workers; make recommendations for new programmes or for improving existing programmes; make recommendations for improved coordination of services among these disparate programmes.
School Development Planning	Training support for team in school development planning	Design (with local expertise) a training seminar for teachers, parents and students in school development planning; assist in the delivery of training seminars; Research best practices in school development planning processes.

Attachment 2

Summary of training activities to be funded by DFID

Component/ Sub-component	Activity	Objectives	Description	Participants
B.2. Improving quality of Teaching and learning				
New curricula, instructional supervision, assessment and teacher training	Development of new curricula	To formulate a set of standardised curriculum for lower secondary that is relevant and interesting.	National consultations and workshops to flesh out the content and design of a new core curriculum	Teachers, parents, students, teacher trainers.
	Training for curriculum specialists and Heads of Department	To enhance the capabilities of relevant officers in instructional supervision and in providing professional guidance to teachers	Local training seminars in curriculum development and instructional supervision	All curriculum officers, education officers (district) and heads of department of secondary schools.
	New teacher training programmes	To address deficiencies in content and methodology of existing teacher training programmes	Local workshops to implement newly developed teacher training programmes with emphasis in both pedagogy and content	Primary school teachers to be deployed at secondary schools and secondary school teachers who have received no formal teacher training.
	Training and/or attachments for testing officers	To enhance the professional competencies of testing officers in a variety of assessment methodologies.	Short-term training in school based assessment and attachments at testing and examination centres.	Measurement and testing officers of MOE
	Workshops and consultations on new assessment methods	To familiarise teachers with various methods and instruments of assessment and in the efficient use of those methods and instruments	Training of trainers workshops in school-based assessment	Selection of expert teachers, heads of department at secondary schools.

Literacy and Literacy Improvement Programme	Literacy and Numeracy workshops for teachers	To equip teachers with necessary competencies to implement intervention programmes for improving literacy and numeracy	A series of workshops for teachers in the implementation of new literacy and numeracy programmes at secondary and primary levels	Heads of Departments for language and Maths at secondary schools; A selection of primary school teachers per district, per grade.
Organisation and provision of support services to students	Training in school social work, guidance and counselling and special education	a. To acquire skills in assessing/ detecting at-risk children in the education system b. To design behaviour modification and intervention programmes c. To provide training for teachers to help them deal with children diagnosed as requiring special needs.	a. One year full-time training at the post graduate level for school social workers and guidance counsellors b. Local training in school guidance counselling, and school social work, and for dealing with children requiring special needs	a. Select guidance counsellors and school social workers b. Teachers of health and family life, deans of discipline at secondary schools
School Development Planning	Workshops in school development planning	To develop a greater understanding of the concept of school development planning among teachers, students and school boards of management and to develop more effective staff participation in school development planning	Local training workshops in the process of school development planning	Cadre of teachers, principals, and select school board members across all school disctricts.

Annex 10: Project Processing Schedule

OECS COUNTRIES: OECS Education Development Project

Project Schedule	**Planned**	**Actual**
Time taken to prepare the project (months)	24	23
First Bank mission (identification)	05/21/2000	06/22/2000
Appraisal mission departure	04/02/2002	04/01/2002
Negotiations	05/06/2002	05/06/2002
Planned Date of Effectiveness	10/11/2002	

Prepared by:

St. Kitts and Nevis: Ministry of Education /Project Preparatory Committee
St. Lucia: Ministry of Education /Project Management Unit

Preparation assistance:

A Japanese PHRD grant for US$157,410.00 (TF026539) was approved for project preparation for the benefit of Dominica, St. Kitts and Nevis and St. Lucia. The activities for which the Grant was given are as follows: (a) design and preparation of an expanded management information system for the "Institutional Strengthening" component of the Project; (b) provision of technical Assistance to: (i) strengthen local school management and promote community participation; (ii) enhance the teaching development process; (iii) improve the design and use of learning spaces; and (iv) organize diverse student support services, targeting youth at risk; and (c) provision of technical assistance for the development of the Education Knowledge Network (EKN).

For St. Kitts and Nevis a Project Preparation Facility (PPF- P 386-0 SC) for the amount of US$50,000 was approved for the preparation of the Project to fund the following activities: (a) strengthening of the managerial capabilities of the existing Project Management Unit (PMU) established within the Ministry of Education, Education and Planning Division, through the acquisition of office equipment, computers and software and training; (b) development of a formula to ensure a more equitable and efficient distribution of resources among the Recipient's secondary schools, through the carrying out of a study to, inter alia, review the system for resource allocation and distribution of financing for primary and secondary education; and (c) promotion of a joint strategy among OECS countries for the development of education sector initiatives, through the organization of regional study tours for the staff of the Recipient's Ministry of Education and other Technical staff responsible for Project preparation.

For St. Lucia a Project Preparation Facility (PPF- Q 321-0 SLU) for the amount of US$260,000 was approved for the preparation of the Project to fund the following activities: (a) carrying out of environmental and feasibility studies to ensure readiness of land for construction of two new schools; (b) surveying of all secondary school physical plants and preparation of designs and priced BOQs to determine needs for rehabilitation, to be carried out under the Project; (c) development of standardized design guidelines for future construction and rehabilitation of education facilities; (d) establishment of a defined orientation and core disciplines for a new curriculum for lower secondary schools; and (e) strengthening of the managerial capabilities of the existing Project Management Unit (PMU), through training for the accounting assistant and the acquisition of office equipment, computers and software.

Bank staff who worked on the project included:

Name	Speciality
Cynthia Hobbs	Task Team Leader
William Experton	Sector Manager
Emanuela Di Gropello	Economist
Mariana Montiel	Lawyer
Aracelly Woodall	Program Assistant/Project Costing
Edward Daoud	Sr. Financial Management Specialist
Rajeev Kumar Swami	Financial Management Specialist
Fabienne Mroczka	Financial Management Consultant
Vladimir T. Jadrijevic	Sr. Procurement Specialist
Patricia Macgowan	Sr. Procurement Specialist
Marcelo Osorio	Procurement Specialist
Que Bui	Procurement Assistant
María Lucy Giraldo	Sr. Procurement Specialist
Neeta Sirur	Lead Operations Officer
Peter Moock	Peer Reviewer
Mourad Ezzine	Peer Reviewer
Aline Brito	Program Assistant
Samia Benbouzid	Program Assistant

Annex 11: Documents in the Project File*

OECS COUNTRIES: OECS Education Development Project

A. Project Implementation Plans

Project Implementation Plan for St. Kitts and Nevis
Project Implementation Plan for St. Lucia

B. Bank Staff Assessments

World Bank. 1992. Access, Quality and Efficiency in Caribbean Education (Report No. 9753-CRG). Washington, DC.

World Bank. 1996. Review and Analysis of International Experience with Programs Targeted on At-Risk Youth. Washington, DC.

World Bank. 1996. Targeting At-Risk Youths: Rationales, Approaches to Service Delivery and Monitoring and Evaluation Issues. Washington, DC.

World Bank. 2000. A Caribbean Education Strategy (Report No.20452-LAC). Washington, DC.

World Bank. 2000. First Annual Small States Forum (Discussion Draft). Prague, Czech Republic.

World Bank, 2000. Trinidad and Tobago Youth and Social Development: An Integrated Approach for Social Inclusion. Washington, DC.

C. Other

Albertin, Marcellus, M.G. Auguste, M. Edward and D. Jules. November, 1999. Externally Financed Projects and Education Reform in the Caribbean: The Recent St. Lucian Experience." Ministry of Education, Human Resource Development, Youth & Sports. Castries, St. Lucia.

Andrew, Max. 2000. The EFA 2000 Assessment: Country Reports. UNESCO.

Barker, Gary and M. Fontes. July 1996. Review and Analysis of International Experience with Programs Targeted on At-Risk Youth.

Blank, L. 2000. Youth-at-Risk in Jamaica (Note prepared for The World Bank). Washington, DC.

Caillods, Françoise and M.H. Maldonado-Villar. 1996-2001. Secondary Education Issues in Latin America (Draft). UNESCO.

Cowater International, Inc. 2000. Poverty Reduction Fund Social Assessment Study, Draft Final Report.

Dominica, Ministry of Education, Science and Technology. 2000. Education Review (partial manuscript only). Roseau, Dominica.

Dominica, Ministry of Education, Science and Technology. 2001. Report on the 2000 Grade 2 National Assessment by the Measurement and Evaluation Unit. Roseau, Dominica.

Goldberg, Nicholas and R. Bruno. 1999. Male Underachievement in Dominica: Extent Causes, and Solutions. Measurement and Evaluation Unit, Ministry of Education, Science and Technology of Dominica, Roseau, Dominica.

Gomart, Elizabeth. 2000. Pre-Social Assessment. Secondary Education Project for Dominica, Saint Kitts and Saint Lucia (unpublished). Washington, DC.

Harewood, Gordon N. 2000. Addressing The Learning Needs of Males in The Eastern Caribbean. Final Report.

Harewood, Gordon N. 2000. Addressing The Learning Needs of Males in The Eastern Caribbean. A Regional Perspective.

Harrell, A. 1995. Evaluating Programs for Vulnerable Children and You. The Urban Institute prepared for the World Bank. Washington, DC.

Kairi Consultants, Ltd. December, 1995. Poverty Assessments and Training in Belize, St. Lucia & St. Vincent and the Grenadines. Main Report, Vol. I of 2.

Kairi Consultants, Ltd. 2001. Poverty Assessment Report: Saint Kitts and Nevis (Draft Report).

Ministry of Education, Human Resource Development, Youth & Sports. Synthesis of Public Feedback Received on the draft Education. Plan 1992-2005 & Beyond.

Ministry of Education, Human Resource Development, Youth & Sports. June 2000. OECS Education Development Project School Location Planning. Castries, St. Lucia.

Ministry of Education, Human Resources Development, Youth & Sports. December 1999. Education Policy Statements and Addresses. Castries, St. Lucia.

Ministry of Education, Human Resources Development, Youth & Sports. February 2000. Education Sector Development Plan 2000- 2005 and beyond. Vol. I. Castries, St. Lucia.

Ministry of Education, Human Resources Development, Youth & Sports. June 2001. Education Statistical Digest, June 2001- Past Trends, Present Position and Projections up to 2005. Castries, St. Lucia.

Ministry of Education, Human Resource Development, Youth and Sports. 2000. The Learning Needs of Male Students in Saint Lucia's School System, by the Corporate Planning Unit. Castries, St. Lucia.

Ministry of Education, Human Resource Development, Youth and Sports. 1999. Education for All (EFA) Assessment: Saint Lucia Report, by the Corporate Planning Unit. Castries, St. Lucia.

Ministry of Education, Human Resources Development, Youth and Sports. 2001. Saint Lucia: Social Analysis. Castries, St. Lucia.

Mortimore, P. and J. Mortimore. Improving Educational Performance of At-Risk Youths, Institute of Education, University of London [no date].

Techsult. 1999a. Student Attitude Survey: Research Report: Final. Ministry of Education, Human Resource Development, Youth and Sports. Castries, St. Lucia.

Techsult. 1999b. Teachers' Work and Education Reform: Draft research Report prepared for OECS Education Reform Unit. Castries, St. Lucia.

Jodi Wilgoren. May 3, 2001. "Lawsuits Touch off Debate Over Paddling in Schools." The New York Times.

Annex 12: Statement of Loans and Credits

OECS COUNTRIES: OECS Education Development Project

01-Mar-2002

Project ID	FY	Purpose	IBRD	IDA	Cancel.	Undisb.	Orig	Frm Rev'd
			Original Amount in US$ Millions				Difference between expected and actual disbursements[a]	
P035730	1998	TELECOM REFORM	3.60	2.40	0.00	4.39	4.22	0.00
P006957	1995	GEF 6O-OECS SHIP WASTE MGMT	0.00	0.00	0.00	3.61	4.82	1.65
P006970	1995	OECS WASTE MGMNT (SIM)	6.80	4.70	0.00	8.15	11.57	3.70
		Total:	10.40	7.10	0.00	16.16	20.61	5.35

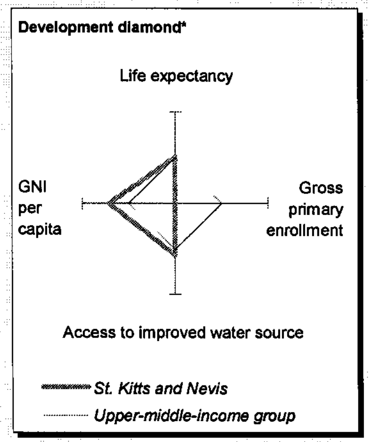
Annex 13: Country at a Glance

OECS COUNTRIES: OECS Education Development Project

St. Kitts and Nevis at a glance

2/19/02

POVERTY and SOCIAL	St. Kitts and Nevis	Latin America & Carib.	Upper-middle-income
2000			
Population, mid-year *(millions)*	0.04	516	647
GNI per capita *(Atlas method, US$)*	6,570	3,680	4,620
GNI *(Atlas method, US$ billions)*	0.27	1,895	2,986
Average annual growth, 1994-00			
Population *(%)*	-0.1	1.6	1.3
Labor force *(%)*	..	2.3	2.0
Most recent estimate (latest year available, 1994-00)			
Poverty *(% of population below national poverty line)*	..	..	..
Urban population *(% of total population)*	34	75	76
Life expectancy at birth *(years)*	71	70	69
Infant mortality *(per 1,000 live births)*	20	30	28
Child malnutrition *(% of children under 5)*	..	9	..
Access to an improved water source *(% of population)*	98	85	87
Illiteracy *(% of population age 15+)*	..	12	10
Gross primary enrollment *(% of school-age population)*	..	113	107
Male	..	..	106
Female	..	..	105

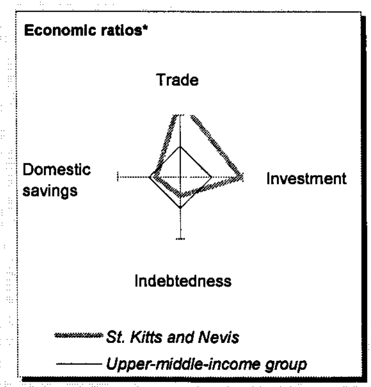


Development diamond*

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1980	1990	1999	2000
GDP *(US$ billions)*	0.05	0.16	0.30	0.31
Gross domestic investment/GDP	38.1	55.4	37.4	45.0
Exports of goods and services/GDP	66.9	51.7	48.3	52.0
Gross domestic savings/GDP	7.8	24.0	15.8	17.6
Gross national savings/GDP	32.4	28.8	11.3	10.6
Current account balance/GDP	-5.4	-19.5	-26.0	-34.4
Interest payments/GDP	..	0.9	2.6	2.0
Total debt/GDP	..	28.4	45.2	..
Total debt service/exports	..	3.5	11.5	..
Present value of debt/GDP	..	..	36.3	..
Present value of debt/exports	..	..	73.4	..

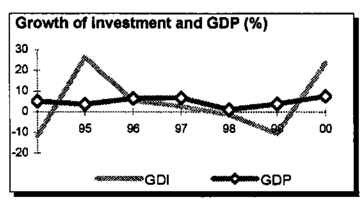
	1990-00	1999	2000	2001	2002
(average annual growth)					
GDP fc	4.4	3.7	7.5	2.1	-2.2
GDP per capita	4.7	2.7	2.3		
Exports of goods and services	3.0	-7.6	10.6	-0.4	-3.1



Economic ratios*

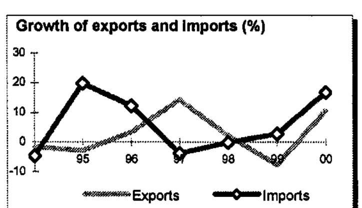
STRUCTURE of the ECONOMY

	1980	1990	1999	2000
(% of GDP)				
Agriculture	15.9	6.5	3.7	3.6
Industry	26.6	28.9	25.7	26.0
Manufacturing	15.2	12.8	10.3	10.4
Services	57.5	64.6	70.7	70.4
Private consumption	71.3	57.9	62.7	61.4
General government consumption	20.9	18.0	21.5	21.1
Imports of goods and services	97.1	83.1	69.8	79.5



Growth of investment and GDP (%)

	1980-90	1990-00	1999	2000
(average annual growth)				
Agriculture	-2.3	1.6	-9.9	2.8
Industry	5.7	5.0	7.1	4.9
Manufacturing	2.6	3.9	8.0	3.8
Services	8.6	4.3	2.1	3.4
Private consumption	2.6	5.2	19.2	0.5
General government consumption	2.9	6.6	15.6	0.5
Gross domestic investment	12.0	3.3	-10.5	23.5
Imports of goods and services	5.2	3.8	2.7	16.7



Growth of exports and imports (%)

Note: 2000 data are preliminary estimates.

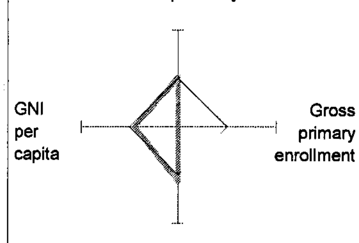
* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

St. Lucia at a glance

2/19/02

POVERTY and SOCIAL	St. Lucia	Latin America & Carib.	Upper-middle-income
2000			
Population, mid-year *(millions)*	0.16	516	647
GNI per capita *(Atlas method, US$)*	4,120	3,680	4,620
GNI *(Atlas method, US$ billions)*	0.64	1,895	2,986
Average annual growth, 1994-00			
Population *(%)*	1.5	1.6	1.3
Labor force *(%)*	..	2.3	2.0
Most recent estimate (latest year available, 1994-00)			
Poverty *(% of population below national poverty line)*	..	..	..
Urban population *(% of total population)*	38	75	76
Life expectancy at birth *(years)*	72	70	69
Infant mortality *(per 1,000 live births)*	16	30	28
Child malnutrition *(% of children under 5)*	..	9	..
Access to an improved water source *(% of population)*	98	85	87
Illiteracy *(% of population age 15+)*	..	12	10
Gross primary enrollment *(% of school-age population)*	..	113	107
Male	..	..	106
Female	..	..	105

Development diamond*

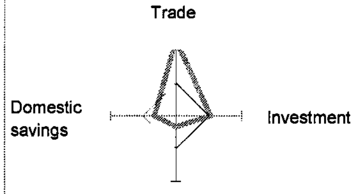


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1980	1990	1999	2000
GDP *(US$ billions)*	0.13	0.40	0.67	0.71
Gross domestic investment/GDP	34.3	25.8	25.8	24.5
Exports of goods and services/GDP	67.0	72.6	56.2	55.7
Gross domestic savings/GDP	7.1	14.2	15.3	14.6
Gross national savings/GDP	12.9	11.0	12.7	12.4
Current account balance/GDP	-30.4	-14.8	-13.1	-12.1
Interest payments/GDP	..	0.7	0.9	0.9
Total debt/GDP	..	19.9	27.1	..
Total debt service/exports	..	2.0	4.7	..
Present value of debt/GDP	..	..	24.2	..
Present value of debt/exports	..	..	40.3	..

	1990-00	1999	2000	2001	2002
(average annual growth)					
GDP fc	2.8	3.7	0.7	-3.7	1.6
GDP per capita	0.9	1.6	0.8		
Exports of goods and services	0.0	-5.7	1.1	-16.6	4.1

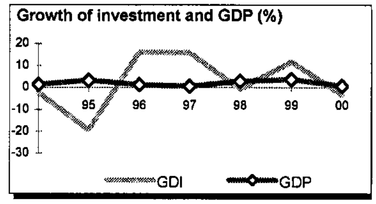
Economic ratios*



STRUCTURE of the ECONOMY

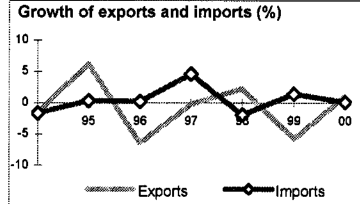
	1980	1990	1999	2000
(% of GDP)				
Agriculture	14.4	14.5	8.0	7.9
Industry	23.6	18.1	19.2	19.6
Manufacturing	10.5	8.1	5.6	5.5
Services	62.0	67.3	72.8	72.5
Private consumption	75.4	71.1	70.1	70.2
General government consumption	17.5	14.7	14.6	15.2
Imports of goods and services	94.2	84.2	66.8	65.5

Growth of investment and GDP (%)



	1980-90	1990-00	1999	2000
(average annual growth)				
Agriculture	7.6	-3.9	-16.3	2.7
Industry	9.2	3.2	9.9	2.3
Manufacturing	11.1	-0.3	4.2	0.1
Services	6.8	3.5	3.6	1.8
Private consumption	5.5	2.3	6.3	2.1
General government consumption	4.9	2.9	2.9	5.9
Gross domestic investment	5.6	2.2	11.8	-3.2
Imports of goods and services	8.0	0.1	1.4	0.1

Growth of exports and imports (%)



Note: 2000 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.