

## Chapter 23: Education

This document is intended to provide an overview of the way MCC conducts due diligence on compact proposals focused on one or more aspects of education.

Investing in people through improving their education is an essential contributor to sustained economic growth. Recognizing this, MCC's country selection criteria include a number of education indicators that reflect a country's commitment to supporting education. MCC expects proposals for MCA funding to emphasize interventions that support economic growth and enhance productivity, particularly for the poor.

Proposals in support of education might focus on enrolment, attendance, and improving outcomes of primary education, secondary education, tertiary education, and / or vocational/technical education, and/or non-formal education. For example, in countries where universal access to primary education has been achieved, a proposal to support quality improvements in primary education and/or quality improvement and expansion of secondary or technical schools might be appropriate. Alternatively, if school-age children, particularly girls, do not have the opportunity to attend school, efforts to build that base of human capital for development might be a higher national priority.

Interventions to improve access should be balanced with efforts to improve quality of facilities or systems, and are preferably focused in domains where MCC can leverage other donors' efforts.

Depending on the specific conditions in the country, elements of an education project might include one or a combination of the following:

- ★ Improving national education systems, to include any or all levels of education, and their links with economic and social priorities
- ★ Curriculum revision (e.g. including focus on work readiness, life skills, gender sensitivity, skills in demand by labor market, entrepreneurial skills, competency-based approaches)
- ★ Linking primary and secondary education to health and nutrition services
- ★ Provision of instructional materials (textbooks, teacher guides, other learning aids)
- ★ Improving teacher training, recruitment and/or deployment
- ★ Improvement or expansion of continuing education and/or non-formal education (e.g. professional education, out-of-school youth, literacy)
- ★ Scholarships or vouchers for disadvantaged
- ★ School supplies/uniforms for disadvantaged
- ★ Raising awareness in communities to improve educational opportunities and outcomes
- ★ Encouragement of girls and boys towards science, math and technology
- ★ Building or renovating schools/libraries/community resource centers to include student-friendly and safe facilities
- ★ Modernization of school laboratories or workshops
- ★ Local transportation systems to increase access
- ★ Expansion or updating of apprenticeship programs
- ★ Certification and examination system development/improvement
- ★ Job placement or counseling programs
- ★ Open/distance learning
- ★ Strengthening institutional capacity (performance management systems, EMIS, supervisory/management training, administration, etc.)
- ★ Twinning relationships
- ★ Study tours to examine practical applications
- ★ Proposal Requirements

In general terms, due diligence can begin once all the required components of a Concept Paper have been received. A strong proposal will respond directly to the Constraints Analysis and include the following elements:

- ★ Thorough description of the physical, social and economic dimensions of the problem, including how the government has tried to address the problem;

- ★ Country (or comparable) studies or data on economic returns for the specified interventions;
- ★ Relevant/available country data on demand and supply side of market for education/skills development (including labor market information, if available);
- ★ Regulatory, policy or legislative changes required, including steps necessary to secure these changes;
- ★ Accordance with MCC's Guidance: Environmental Guidance, Gender Policy, Economic and Beneficiary Analysis
- ★ Potential beneficiaries and selection process used, including sex-disaggregated data
- ★ Benefits and how they will differ across gender and social groups
- ★ As appropriate, growth diagnostics related to supply of skilled human resources;
- ★ Initial cost-benefit analysis;
- ★ Risk analysis on all proposed investments;
- ★ Criteria and process that would be used to select institutions for intervention;
- ★ Performance data on institutions or systems (e.g. learning outcomes, employment tracer study results, impact evaluation results from past projects);
- ★ Past and potential roles for private stakeholders in improving efficiency, equity, quality and maximizing impacts of public expenditure;
- ★ Potential demand-side and supply-side financing strategies to ensure the project's long-term sustainability; including opportunities for results-based financing; and
- ★ Opportunities to leverage or complement other donor interventions to the sector/sub-sector.

### *Due Diligence Questions*

Following acceptance of the Concept Paper, MCC's Human Development Division will begin due diligence on the proposed investments. Below are examples of questions which are pursued during the due diligence phase (as relevant to the sub-sector). A strong Concept Paper will have taken these issues into consideration:

#### General

- ★ Does the project design clearly identify economic and social benefits from the proposed project? How will economic gains be apportioned among project beneficiaries?
- ★ Have stakeholder analysis and adequate consultation been undertaken?
- ★ Will the proposed activity strengthen coverage and access for the poor?
- ★ Have both supply side and demand side constraints to project achievement been assessed?
- ★ Have gender and other social concerns been integrated into project objectives and activities? (e.g. constraints of access, schedules, needs)
- ★ For programs (excepting primary and secondary education), what is the public funding rationale – i.e., are there market failures that necessitate government intervention and funding?
- ★ How will any proposed pilot projects or impact evaluations relate to or contribute to state of the art knowledge in education/training?

#### Infrastructure and Equipping of Facilities (for additional information, see chapter on Vertical Structures)

- ★ What is the current facility inventory, and what is the basis for the expansion of existing and the establishment of new facilities?
- ★ What is the labor market justification and/or local demand for investing in this/a new institution?
- ★ How was the site selected? Will it improve access for disadvantaged populations?
- ★ What are historic subscription rates for selected institutions?
- ★ What is the quality of existing and potential staff in the facilities?
- ★ Are facilities child-friendly and safe?
- ★ Do selected institutions have recent capital and operating budgets and annual reports available summarizing sources of financing, resources used, services delivered, results achieved (e.g., learning outcomes, graduate placement), partnerships to support employability and access to enterprise support for graduates?

#### Curriculum Revision, Assessment/Examination, and Instructional Materials

- ★ In what curriculum areas has the (Syllabus, Qualifications Framework, etc.) been developed? Was it benchmarked against others in the region? How is content review managed (updating of content, exams)?
- ★ What type of labor market studies/analyses have been done, to inform skills development needs? To what

degree did the private sector provide input?

- ★ To what degree is work readiness, gender equity, health issues (e.g. HIV/AIDs, nutrition), life skills, occupational safety, etc. already covered in curricula?
- ★ How is development, revision and distribution of instructional materials handled? Is it managed efficiently?
- ★ What inter-ministerial cooperation exists to support skills development?

#### Teacher/Faculty/Service Provider Training

- ★ Do teachers receive training in both skills/content and pedagogy?
- ★ What are the current teacher qualification requirements?
- ★ Is there a shortage of qualified, skilled teachers in the needed areas? How does the proposal address the shortage if there is one?
- ★ What are retention rates? What type of incentive schemes have been attempted/are in place/are planned or proposed to recruit and retain staff?
- ★ What is impact of HIV/AIDS and other disease on the profession?
- ★ How are unions likely to impact the success of the specific educational activity?
- ★ How is performance monitored? What is its primary focus?
- ★ Once training programs are place, what mechanisms exist for ensuring their relevancy?
- ★ What range of in-service support is provided at the local level?

#### Improving Access and Non-Formal Education

- ★ What may be potential obstacles to participation? (geographic, social, gender, logistical, etc.) How do these affect delivery strategies?
- ★ What past efforts have been made to enhance access/interest/participation of the target group?
- ★ What routes are available for school leavers and school dropouts to improve their employability?
- ★ Is there mobility between the non-formal and formal system?
- ★ How are skills gained in the non-formal system evaluated and recognized?
- ★ What is the role of various Ministries in non-formal education?

#### Policy and Legal Frameworks

- ★ To what extent will fiscal, legal or administrative policies constrain project success? Have these constraints been mitigated or will they be changed through project activities?
- ★ How does regulation and enforcement of standards currently operate?
- ★ What is role of private industry in governance (e.g. post-secondary education)?

#### Institutional and Organizational Arrangement

- ★ Are project governance and implementing structures clearly defined? Have institutional capacities been assessed and constraints mitigated?
- ★ Are there necessary construction and operational resources available in the country or region, or how can they be brought to bear?
- ★ To what extent are other donors engaged in related activities? How will coordination be ensured?
- ★ How does this relate to on-going or planned related activities by US Government agencies or organizations?

#### Private Sector Engagement

- ★ What is the current role (if any) of the private sector in the system?
- ★ Do the interventions leverage the private sector to implement commercially viable solutions to identified market constraints? (knowledge, assets, co-financing)?
- ★ Does the system have a public-private partnership policy and guidelines? Are there policy/regulatory/legal/ other obstacles to private sector participation?

#### Co-Financing and Financial Sustainability

- ★ How is training financed?
- ★ How will the schools/institutes fund O&M, staff, scholarships, curriculum, etc. beyond the life of MCA funding?
- ★ Will the proposed solution require cost-sharing from users? If so, do the targeted users have the ability to pay?

Are there appropriate sources of funding for such cost-sharing requirements?

- ★ Are subsidy programs limited and justified as a necessary public intervention? Does the proposal follow 'best practices' in this regard?
- ★ Are there alternatives (e.g., loan programs) that could have higher impacts or lower costs (or both)?
- ★ What factors assure financial sustainability? If none, is there a clear exit strategy upon termination of funding? Does the project initiate a flow of benefits to be reliably accrued throughout the term used to calculate the ERR?