



Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 13-Mar-2023 | Report No: PIDA280097



BASIC INFORMATION

A. Basic Program Data

Country Bhutan	Project ID P179184	Program Name Bhutan HCRRP Additional Financing	Parent Project ID (if any) P174399
Region SOUTH ASIA	Estimated Appraisal Date 08-May-2023	Estimated Board Date 30-Jun-2023	Practice Area (Lead) Education
Financing Instrument Program-for-Results Financing	Borrower(s) KINGDOM OF BHUTAN	Implementing Agency Ministry of Education and Skills Development	

Program Development Objective(s)

Support building, protecting, and utilizing human capital in Bhutan

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	0.00
Total Operation Cost	3.00
Total Program Cost	2.50
IPF Component	0.50
Total Financing	3.00
Financing Gap	0.00

FINANCING (USD Millions)

Total Non-World Bank Group and Non-Client Government Financing	3.00
Trust Funds	3.00



B. Introduction and Context

Country Context

1. The Bhutanese economy exhibited consistent growth and gains in poverty reduction before the COVID-19 pandemic. With the annual growth of gross domestic product (GDP) averaged 7.5 percent since 1980, Bhutan reduced poverty by two-thirds, from 36 percent to 12 percent, based on the \$3.20/day poverty line from 2007 to 2017. However, economic dependence on public sector-led hydropower development projects, electricity export to neighboring India, and prevalence of agricultural employment make Bhutan's economy highly vulnerable to macroeconomic volatility and climate shocks. Furthermore, Bhutan's economic contraction from the pandemic highlights the need for diversifying the economy and nurturing skilled Bhutanese workers.
2. While the Royal Government of Bhutan (RGoB) has made commendable efforts to support recovery and resilience from the impacts of the pandemic, investment support is required. With the massive vaccination drive, RGoB has employed several emergency response programs and introduced adjustments to implementing the 12th Five Year Plan (FYP) 2018-2023. The FYP midterm revision allowed RGoB to reassess its targets and options for achieving its goals in post-COVID-19, expecting to improve the quality of public service delivery, promote economic and environmental sustainability, and increase inclusion to reduce inequalities. However, as government finances are also impacted by the pandemic, the achievement of 12th FYP goals while supporting recovery and resilience requires investment support. Well-implemented programs are expected to strengthen the human capital and resilience of current and future generations, reduce intergenerational poverty, and increase equality of opportunities, thus allowing RGoB to come out stronger post-pandemic.

Sectoral and Institutional Context

3. Despite significant progress over the past years on human capital, the World Bank's Human Capital Index 2020 shows that a child born today in Bhutan will be only 48 percent as productive in adulthood as he/she could have been with a complete education and better health care. Furthermore, the pandemic has disrupted the provision of human capital services and resulted in a decline in household welfare, further reducing the human capital investment of the next generations. The combined effect of COVID-19 on education, health, and household welfare could lead to an increase in poverty, stunting, and food insecurity and affect social development indicators such as educational achievement and productivity, threatening hard gains from previous years.
4. Bhutan also continues to face inadequate and unequal access to quality foundational human capital services. Access to and quality of ECCD services remain insufficient and inequitable. Preschool enrollment remains low at only 28 percent² and a geographic gap remains with 22 percent of urban children having attained primary, ECCD, or daycare, compared with only 13 percent of rural.³ ECCD quality is a concern, with only one third of existing ECCD facilitators having completed the in-service training program. In a school setting, limited access

¹ Bhutan's score is lower than the average for both the South Asia region and lower-middle-income countries.

² Average for lower middle-income countries is 60 percent.

³ Overall enrollment rates are from EMIS 2021 report, disaggregated geographical data is from Bhutan Living Standards Survey 2017.



to computers and the internet keeps Bhutanese students from various latest learning opportunities. A computer is shared by 21 and 17 students in public and private schools, respectively. Also, more than one-third of public schools did not have internet access, compared to 5 percent of private schools in 2020.

5. The issues of unequal access to and quality of human capital services are related to the underutilization of acquired human capital (employment). Employment in subsistence agriculture continues to be prevalent. A substantial portion of the employed has no educational attainment (42.4 percent) and remain at unpaid family work (30 percent) regardless of the sector. Gender disparities in employment prevail, with close to 40 percent of employed females in 2020 being family workers in comparison to only around 20% for male workers. Moreover, women also account for only 30% of enrollment in technical and vocational training courses, except for traditional trades, which often result in lower wages. Higher unemployment rates among the women and youth are required to reinforce further education and skills training to those groups.

6. Thus, the issues of quality, equity, access, and utilization of human capital were at the forefront of the design of the 12th FYP 2018-2021, resulting in clear commitments to address the challenges focusing on the lifecycle approach. The 12th FYP is structured around 17 National Key Results Areas (NKRAs) that are cross-cutting in nature but have specific line ministries responsible for their overall implementation. Specifically, cross-sectoral NKRAs 7 and 11 on “Improving Quality of Education and Skills” and “Productive and Gainful Employment” highlighted RGoB’s commitment to lifecycle approach starting with ECCD, inclusive education irrespective of remoteness, economic disadvantage, and disabilities, and continued to lifelong skilling and gainful and inclusive employment needed for the full realization of human capital potential. Furthermore, the 12th FYP was mindful of the importance of economic and environmental resilience related to human capital accumulation.



PforR Program Scope

7. The RGoB, through its 12th Five Year Plan (FYP) 2018-2023, intends to improve the quality and equity dimensions of building, protecting, and utilizing human resources, with a clear focus on the lifecycle approach, starting with ECCD and basic education. The ambitious goals set under the 12th FYP require additional financial and technical support both from development partners and the government.
8. With these goals, the RGoB requested IDA assistance to finance the Human Capital Recovery and Resilience Project (HCRRP PforR-P1744399) in the amount of US\$20 million (SDR14.3 million equivalent - US\$10 million each for Ministry of Education and Skills Development (MoE) and Ministry of Labor and Human Resources (MoLHR)), with the objective of supporting investments in increased human capital and productivity throughout the human capital lifecycle, while supporting the COVID-19 recovery and increased resilience in areas of education and employment. The project aims to strengthen implementation of select activities that fall primarily under the 12th FYP's NKRA 7 and 11.
9. The parent HCRRP, a three-year Program-for-Results operation, was approved by the World Bank Board on February 3, 2022. The Financing Agreement was signed on March 7, 2022, and the Program became effective on March 30, 2022.
10. Initially the Government was also planning to draw on the Global Partnership for Education Multiplier Fund (GPE MF) to provide additional funding to expand the Program as well as to support the implementation of the education part of the operation. However, the signing of HCRRP took place before the GPE MF application could be processed and approved. This resulted in HCRRP moving ahead with IDA approval without the GPE MF grant financing. The proposed Additional Financing (AF) would now allow the GPE MF to be included in the overall Program financing.

C. Program Development Objective(s)

Program Development Objective(s)

11. The Development Objective of the parent HCRRP is to support building, protecting, and utilizing human capital in Bhutan. The education part of the program supports: (a) expanded access and professionalization of ECCD, (b) improving the quality and expansion of ECCD services, and (c) the digitization of education for improved student outcomes by improving the use of ICT in education. The program disburses through four Disbursement Linked Indicators (DLIs), distributed across the three education related results areas. The RGoB's Ministry of Education and Skills Development (MOESD) is the implementing agency for the education part of this multisectoral program.
12. Specifically, proposed AF from GPE, in the amount of US\$3.0 million, will have the same PDO as the parent program the education part of the HCRRP supports the two results areas -- ECCD and curriculum digitalization for primary and secondary education -- where the lifecycle approach is placed at the heart of the Program's scope and implementation and these two results areas fall under DLI2 and 3. The proposed HCRRP AF is fully aligned with the parent HCRRP's objective and would be added to the PforR Program to expand the Program



scope through expanded and/or scaled-up results (approximately US\$2.5 million) of the NKRA mentioned above. The AF will add one DLI for 'Improving access to safe water and sanitation services' which MOESD prioritized as a core activity given the post-COVID education service delivery. In addition, the AF would finance a new Investment Project Financing (IPF) component (US\$0.5 million), TA to strengthen Program implementation, strengthen M&E system, and capacity building. In processing the AF, the HCRRP will be restructured to include (i) adding an expenditure category to support civil works, (ii) adding a PDO indicator for WASH program, and (iii) revising relevant indicators and targets in the Results Framework.

13. The AF will include three major results areas: (i) Expanded access and professionalization of ECCD, (ii) Digitization of education for improved student outcomes, and (iii) Improved access to safe water and sanitation services.

Expanded access and professionalization of ECCD

14. To support the RGoB's commitment to achieving 50 percent enrollment in ECCD by 2025 and improving ECCD service quality under the 12th FYP, the proposed AF will support the MoESD in expanding quality ECCD in rural and low population areas. This ECCD expansion will fully complement the ECCD related quality enhancement activities under the parent Program. These activities include upskilling of ECCD facilitators by improving the current training to focus on age-appropriate pedagogy and to be more inclusive and climate sensitive; training of monitors and MOESD program managers to support the effective planning, coordination, and monitoring of ECCD services; providing teaching and learning materials and conducting a longitudinal impact evaluation and baseline data collection.
15. Specifically, the AF will finance the rehabilitation/construction of 60 ECCD centers, with water and sanitation facilities designed for 3–5-year-olds in selected rural and low populated areas. The rehabilitation work will include converting existing community facilities or health centers (which are rarely use by the communities) into functional ECCD centers. The proposed AF will support these activities under the DLI 2 of HCRRP "Expansion of ECCD in targeted population", specifically target of the existing DLR is extended to '9% increase from baseline (original target of HCRRP DLI 2 is 6% increase from baseline).

Digitalization of education for improved student outcomes

16. To complement the reduction digital divide efforts under the parent program, the AF will provide a local connectivity in rural schools to support efficient remote learning and digitization learning . The overall idea would be to ensure connectivity at classroom level so that children studying in rural schools also benefit from online classroom learning using high speed internet connectivity, Under the HCRRP, ICT for Education activity include development of digital curriculum, teacher training, and provision of digital equipment which are being supported as part of the government's effort to reduce digital divide. The resources for these activities will be funded under DLI 3 ICT in education for learning recovery and improved access. Specifically, the AF support will expand the internet coverage from school administrative offices into the classrooms by installing fiber-optic internet access connected through the local area network system. The proposed AF will support these activities under the DLI 3 of HCRRP "ICT in education for learning recovery and improved access", specifically new DLR "Reduction in the digital divide in rural areas by ensuring an increase 10% of rural schools will be equipped with local connectivity".

Improved access to safe water and sanitation services



17. Rehabilitation of WASH infrastructure for safe water and sanitation services is critical for increasing access and attendance, particularly for girls. The situation of school WASH infrastructure in Bhutan is dire and resulted in closure of schools during the COVID outbreak because of poor sanitation as documented in the WASH Strategy Paper supported by education sector donors. Currently one third of schools have no separate toilets for girls, one in every five schools lack functional toilets and water with soap for handwashing, and one-third of primary schools lack access to improved water sources. Student toilet ratio stands at 1:50 against standard requirement of 1:25 for girls and 1:40 for boys. Furthermore, school children need to be provided with 10 liters of safe drinking water daily. In many schools, water sources are drying up and unsafe. These elements are considered essential for providing a conducive environment for attendance and learning, particularly for girls. In addition, only one school of the total 28 Special Educational Needs (SEN) schools has WASH facilities designed for children with disabilities.
18. The proposed AF will support the MOESD in improving safe and sanitation services by rehabilitating and constructing WASH facilities in selected 20 SEN schools (out of 28 SEN schools national-wide) and 40 primary and secondary schools (out of 600 schools) in both rural and urban areas. Specifically, the AF will upgrade dry/pour flash toilets to flush toilets for girls and boys and build new toilets for girls. This will improve health and hygiene of students and teachers, as well as lift the barrier for children with disabilities, which contribute to better students' attendance and learning. In addition, the intervention strengthens school resilience against future pandemics. The proposed AF will support these activities under a new DLI "Improving safe water and sanitation services for primary and secondary school children", possibly with two proposed DLRs: (i) % of public SEN schools with proper WASH facilities, and (ii) % of public-school buildings with proper WASH facilities". Respective targets are tentatively agreed as 70% (20/28) and 6% (40/600) schools.

Support overall Operation management and coordination (US\$0.5 million through IPF)

19. The proposed AF IPF Component will support Operation management and monitoring and evaluation of project progress. It includes activities designed to ensure efficient project management and early identification of corrective measures to solve any implementation problems. This component's main activities will include: (i) supporting overall project management and coordination; (ii) strengthening implementation capacity by hiring Technical Assistants (Project Manager, Project Coordinator, Financial Management and WASH monitoring and evaluation), conducting training/workshops, including project management, fiduciary and M&E, (iii) provision of relevant goods (office equipment for central and district levels) for improving the quality of service delivery, and (iv) strengthening monitoring and evaluation of project progress of outcomes to execute a results-based financing (e.g. third party verification).

D. Environmental and Social Effects

20. For PforR component: This component would support construction/rehabilitation of small scale ECCD centers in rural areas, which will use local labors and materials. It would also support construction of WASH Blocks in selected schools. This is not likely to have any significant Environment and Social (ES) impact. The ES risk of this component is likely to be low. The ESSA prepared for the parent Program will be updated to address the changes.
21. IPF component: The AF IPF Component will revolve around project management, coordination and monitoring and evaluation support. The activities will not lead to any waste generation, issues with resource usage,



impact on biodiversity, labor influx and OHS(spell out) issues, land acquisition, cultural resources, indigenous people, etc. Given the COVID pandemic situation, which is yet to be over, health and safety of those who will work to coordinate, monitor, and train various stakeholders need to be taken into consideration. The outputs from this IPF will mainly include training modules for project personnel, monitoring and evaluation reports, provision of goods for service delivery, none of which will lead to any recognizable ES risk and impacts. Given the context under which this IPF will be developed, potential ES risks and impacts, the ES risk is rated as Low. Screening of the activities under IPF component will be carried out to assess the risk and impacts, if any and an ESMP (spell out) would be prepared if required. No standalone SEP (spell out) and LMP (spell out) is necessary. Client would need to prepare an ESCP (spell out) incorporating the provisions of ESMP (spell out) and integrating the SEP and LMP, given the low-risk rating of the project.

E. Financing

- 22. The AF will be financed through GPE trust fund, and the World Bank will be the Grant Agent (GA). From the total amount of US\$3.3 million, US\$3.00 million is proposed to be Recipient-executed and processed as AF to the HCRRP. In addition, US\$300,000 will be Bank-executed to support the AF implementation.
- 23. The HCRRP Financing has been revised with a provision of the GPE AF (Table 1).

Table 1. Financing Table (US\$, millions)

Financing Source	Original Program	AF Program	Total
BORROWER/RECIPIENT	\$ 23.1	\$	\$ 23.1
IBRD/IDA	\$ 20.0	\$	\$ 20.0
OTHER	\$	\$3.0	\$ 3.0
TOTAL	\$ 43.1	\$ 3.0	\$ 46.1

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Borrower/Client/Recipient

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Implementing Agencies

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