1. Country and Sector Background

Since its independence in the 1990s, the education sector in Moldova has increasingly suffered from a lack of efficiency and declining education quality. Although reliable data on students’ achievements is poor, persistence of quality and relevance problems is indicated by previous below average student performance in international evaluations (particularly students from “scoli medii” which are higher secondary schools that end in Grade 11). Low achievements indicate the need to continue, consolidate and extend reforms in curriculum, student assessments, teacher training and textbooks as well as spend resources more efficiently. Similar to countries in the region, the expansion of Moldova’s education budget has gone in the opposite direction of the country’s demographic trends. As the number of students shrank by more than 40 percent since the early 1990s, the system did not adjust its size accordingly leading to a large network of increasingly small schools, lowering student-teacher ratios and growing per student costs.

Moldova’s main challenge in the next four to five years is to roll out efficiency reforms while at the same time increasing the quality and relevance of its education system. While overall quality improvements especially in areas of curriculum and a change in the teacher system will take time to materialize, it can be greatly facilitated by a higher proportion of the budget being made available through efficiency reforms such as school rationalization.

Highly laudable is the fact that initial gains in efficiency reforms have already been made by the Government of Moldova. With support from the ongoing Project, Quality Education in the Rural Areas of Moldova (QERM), the Government piloted school optimization and formula funding in two Rayons and as mentioned previously, surpassed original objectives by expanding formula financing to seven rural Rayons and two municipalities from January 2012 (Government Resolution Nr. 535 of July 14, 2011) and nationwide in January 2013. In addition, based on strong policy work conducted by the World Bank and endorsed by the International Monetary Fund, the Government has embarked on a set of ambitious initiatives reflected in the “Action plan for education structural reform implementation” prepared by the
Ministry of Education. This action plan has three objectives: (i) ensuring equal access for all children to quality education; (ii) increasing flexibility in labor relations in education; and (iii) efficient use of financial allocations.

2. Objectives

The proposed Additional Financing would primarily finance supplementary technical assistance critical to ensuring the smooth implementation of the Government of Moldova’s Education Reform Program. In the medium term, the Bank also envisions an IDA loan in the education sector in 2013. It is important to note that the Project has had a very strong effect on the development of the Government’s Education Reform Program which mirrors the Project’s development objectives of increasing the quality of education and improving the efficiency of the education sector.

3. Rationale for Bank Involvement

The Additional Financing would support activities that are consistent with the Project’s Development Objectives and the Country Partnership Strategy. In line with its project development objective, the Project has continuously contributed to improving the quality of education in the rural areas of Moldova. The Project has also served as a catalyst in jumpstarting education efficiency reform measures outlined in the Government’s Education Reform Program. The Government’s program and its objectives are very much in line with the sector’s needs. The technical assistance to be provided by the proposed Additional Financing is critical for the reform program to both maintain momentum and continue to make headway. It will help facilitate essential strategic planning work that includes human resources development, the development of standards for hub schools and the development of a reliable Education Management Information System.

4. Description

The proposed Additional Financing would finance technical assistance in the following areas: (i) development of standards for receiving (hub) schools; (ii) development of a new teacher remuneration scheme; (iii) continued support to Moldova’s capacities to participate in international assessments; (iv) capacity building and training of school directors in order to implement formula financing in schools; (v) capacity building towards the strengthening of the school mapping database; and (vi) continued support to communications/public relations activities to support the implementation of the school reform program.

5. Financing

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<tr>
<td><strong>Total</strong></td>
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6. **Implementation**

The Ministry of Education would implement the Additional Financing. There would be no change to implementation arrangements between the existing Project and the proposed Additional Financing.
7. **Sustainability**

In meeting the objectives of the education sector in Moldova that of providing quality basic education its children, the education reform program and its activities supported under the proposed Additional Financing are critical. The program also reflects the lessons learned from countries with similar demographic and education realities in the Region. Therefore, it is expected that the directions of reforms and its results would not only be maintained after the end of the Project but would lay a foundation for a more modern and improved education system in Moldova.

8. **Lessons Learned from Past Operations in the Country/Sector**

The main lesson learned from past education projects in Moldova (two of which do not have additional implementing units placed within the Ministry) is that the use of the Ministry of Education as the sole implementer of the Project entails a cost in terms of implementation and absorption capacity. This makes strategically placed technical assistance critical to making sure that the reforms are implemented. It also ensures that the policy direction which the project wants to contribute to is fully owned.

9. **Safeguard Policies (including public consultation)**

Not applicable.

10. **List of Factual Technical Documents**

- Moldova Education Reform Project, Project Concept Note
- Quality Education in the Rural Areas of Moldova Project, Appraisal Document
- Moldova’s Path to Quality in General Education: The Plan for System Optimization, Policy Note

11. **Contact point**

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