I. Introduction and Context

Country Context

China has one of the world's fastest growing economies with an average annual growth rate of nine percent over the last three decades. Measured by GDP per capita, however, China is significantly lower in the ranks at about US$6,629 in 2013. The Gini coefficient has remained at a relatively high level between 0.47 and 0.49 in the past ten years indicating persistent and sometimes worsening inequality as the economy grows. Located at the southwest side of China and bordering Laos, Myanmar, and Vietnam, Yunnan is a medium size Chinese province with a population of 46 million, 30 million of which reside in rural and 16 million in urban areas. Yunnan is the third poorest province in the country with per capita GDP of US$4,050 and rural net income per capita of only about US$1,000 in 2013. Yunnan further distinguishes itself in that one third of the population, or 15 million, is of 25 ethnic minority groups.

Sectoral and Institutional Context
By 2010, China has achieved largely the two "basics" of universal nine-year basic education and the eradication of adult illiteracy. The Chinese government has started to devote increasing attention to policy and program development in early childhood education (ECE) since then. Even though China does not yet have a specific ECE law, it has established a rather elaborate set of guidelines and regulations pertaining to ECE. Recently China has registered impressive expansion at the ECE level. GER increased from 41 percent in 2005 to 74 percent in 2013. However, there are great disparities in enrollment and quality of ECE services across provinces and between rural and urban counties.

Being one of the poorest provinces, Yunnan faces more acute challenges in improving ECE access and quality. Yunnan GER for 3-6-year-olds is only 54 percent in 2013, much lower than the national average. Within Yunnan, access in rural areas is even lower and many children have access only to low-quality one-year preschool classes attached to the local public primary schools. Yunnan's public expenditure on ECE in 2013 made up only 2.8 percent of the province's total education budget, as compared with the 3.2 percent average for China. Low public investment in ECE in Yunnan has resulted in a relatively higher private provision of ECE services. 72 percent of Yunnan's preschools are privately run and absorb about 49 percent of total enrollment. At the same time, Yunnan does not yet have a well-functioning quality assurance system to safeguard the quality of private preschools.

**Relationship to CAS**

The proposed project is fully aligned with the Strategic Theme II of the World Bank China Country Partnership Strategy (FY13-FY16) on Promoting More Inclusive Development as the World bank focuses on helping "promote more inclusive development by geographically focusing on lagging regions and small towns and by supporting policies and demonstration projects that address inequalities". The project directly addresses the CPS Theme by 1) providing ECE access in rural areas and reducing unequal educational opportunities; and 2) improving the overall quality of ECE services in Yunnan province through in-service teacher training, capacity building of ECE teacher preparation programs at higher education institutions, and creating a more favorable ECE enabling environment. At the institution level, the focus of ECE agrees with the World Bank Education Strategy 2020 which calls for "investing early, investing smartly, and investing in all". The project is expected to contribute to eradicating extreme poverty as well as boosting shared prosperity, the twin institutional goals of the World Bank Group.

**II. Proposed Development Objective(s)**

**Proposed Development Objective(s) (From PCN)**

The Project Development Objectives are to: improve the access and quality of ECE provision in Yunnan and to pilot sustainable ECE service delivery models in rural Yunnan. The Project will have four components: (i) increasing rural access to ECE by constructing public preschools in strategic locations and establishing rural ECE teaching points, (ii) improving the quality of ECE by strengthening the capacity of teacher training, delivering relevant in-service and pre-service teacher training programs, (ii) establishing a provincial ECE quality assurance and sustainable financing framework, and (iv) project management, monitoring and evaluation. The proposed YECEIP will have a total investment of US$65 million, with US$50 million from the IBRD loan and US$15 million in counterpart funds. The decisions were made in consultation with counterparts in Yunnan during the March 2015 identification mission.
In each of the components, the Project will support activities that complement the Province's own efforts in the implementation of the 2nd Three Year Action Plan for ECE. Activities have been designed to fill the gaps and complement the government's own actions to avoid overlap and duplication. The YECEIP will focus on seven poor counties in Yunnan. The counties were selected using a number of criteria including poverty status, demand for ECE, current government investment in ECE, as well as local government capacity and ownership, the Provincial Departments of Finance, Development Reform Commission, and Education. In addition, three university diploma and bachelor programs for preschool teacher training have been selected as project beneficiaries to receive capacity building and provide pre-service and in-service training in turn.

**Key Results (From PCN)**

The project outcomes will be measured by two levels of outcome indicators, including:

(i) Three-year ECE GER in project counties; (ii) three-year ECE GER in the rural areas of project counties; and (iii) child development outcomes by using a population outcome measure such as the "eHCI" Early Human Capability Index. A baseline child development outcomes will be collected from a random provincial sample of 3-6-year-old children, followed by annual surveys as part of the project's monitoring and evaluation system to monitor the progress made on child outcomes.

Key intermediate indicators will include: (i) percent of education budget devoted to ECE, (ii) completion of the 12 public model preschools in project counties, (iii) development and operation of the rural teaching points, (iv) in-service training according to training plan and percent of teachers certified, (v) capacity building of university diploma and bachelor programs for preschool teacher training, and (vi) development of key quality assurance instruments such as (a) minimum standards for the establishment and accreditation of public and private preschools, b) preschool teacher professional standards, and (c) preschool management and operational guidelines, etc.

**III. Preliminary Description**

**Concept Description**

The YECEIP marks the first collaboration between China and the World Bank on ECE. The project has the following four main components:

Component 1: Increasing Rural Access to ECE. The project proposes to build and fully equip 17 model public preschools, including 15 preschools in the more densely populated areas of the seven project counties with a total of 146 classes and two research preschools affiliated with Zhaotong University and Kunming University with a total of 24 classes. The project will also pilot different models of sustainable rural ECE service alternatives in Weishan county of Dali prefecture where the terrain is more mountainous and population sparse. Options include contracting experienced NGOs to provide ECE services based on these organizations’ current model of rural and community ECE service provision which could be potentially more sustainable. This component will also include an impact evaluation to be financed by SIEF and Korea Development Institute. A total of 60 village ECE centers will be established to benefit about 900 children of 3-6 yrs olds.

Component 2: Improving ECE quality. The project proposes to deliver a comprehensive in-service teacher and manager training program through the participation of the three universities and seven project counties. The development of training program will be informed by an in-depth needs
assessment to be conducted in every project county. The training will serve the preschools constructed under the project as well as all the other public and private preschools in the project counties. All project entities will set aside approximately 20 percent of the loan proceeds for training of the preschool teachers based on agreed upon training plans.

The project will also enhance the capacity of pre-service ECE teacher education programs in Kunming University, Zhaotong University, and Yunnan Normal University. Under the project, Kunming University will build a research center focusing on ECE and rehabilitation services for children with disabilities, particularly focusing on early intervention in 0-3 age group. Zhaotong University will be assisted in building a teacher training center for ECE. The Project will support the Yunnan Normal University to develop a premium research institute for ECE research and teaching towards the Southwestern areas of China as well as the bordering countries of Myanmar, Laos, and Vietnam, by financing the construction of a state-of-the-art ECE research center and by recruiting and developing faculty and research associates. In each university, ECE faculty will be strengthened with training, exchanges, and collaboration with domestic and foreign research organizations. The ECE faculty members at the project universities can also receive competency enhancement support through involvement in the university-affiliated preschools and resource platform. The project will develop an online resource bank and platform for ECE teaching and learning.

Component 3: Creating an ECE Enabling Environment. The project proposes to facilitate a more favorable ECE policy environment by developing and piloting a provincial ECE quality assurance system. Additionally, the project will design and implement a culturally relevant information and advocacy campaign for ECE with the objective influencing local community and their knowledge of scientific childrearing practices. This intervention is considered relevant from the point of view of project’s sustainability and engagement with local community of Yunnan, and hence all efforts will be made to engage local experts to ensure that the disseminated information and campaign content builds upon local best practices of child rearing and is culturally sensitive. Furthermore, the Project will invest in an innovation fund for ECE teaching and learning activities to enable research and experimentation, and emergence of locally viable innovations. Finally, in order maximize the impact of quality assurance framework, advocacy campaigns, and new innovations, the Project will work with local partners to facilitate policy development on ECE including the development of sustainable ECE financing mechanisms. The quality assurance system will apply to both public and private preschools.

Component 4: Project Management, Monitoring and Evaluation. Project management and monitoring and evaluation are key areas to ensure the achievement of the PDOs. This component will include activities related to project management, financial management, procurement, safeguards, monitoring and evaluation. In addition to the SIEF impact evaluation designed for the rural ECE, the project will also establish a comprehensive monitoring and evaluation framework to measure the overall success of the project. Capacity building of all project personnel both at the provincial and at the local level will also be routinely financed under this component.

IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

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Total Project Cost: 78.94  
Total Bank Financing: 50.00 
Financing Gap: 0.00

VI. Contact point

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