

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC756

Project Name	Education Quality Project (P130182)
Region	EUROPE AND CENTRAL ASIA
Country	Armenia
Sector(s)	General education sector (50%), Tertiary education (30%), Pre-primary education (20%)
Lending Instrument	Specific Investment Loan
Project ID	P130182
Borrower(s)	Ministry of Education and Science
Implementing Agency	Center for Education Projects
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	14-Jan-2013
Date PID Approved/ Disclosed	21-Feb-2013
Estimated Date of Appraisal Completion	00000000
Estimated Date of Board Approval	11-Dec-2013
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Armenia has been a consistent reformer over the years. After a severe transition recession in the first half of the 1990s, the economy recovered gradually, with growth averaging 6 percent a year during 1994-2000. However the rate of poverty reduction was not pronounced due to limited job creation. Between 2001 and 2008, growth rates increased to double-digit levels, with economic growth averaging 12 percent per year, resulting in poverty reduction gains and enhanced job creations. Growth during this period was aided by a highly favorable external environment reflected in increased remittances and foreign domestic investment (FDI) in some key sectors such as mining and construction, and the Government's market-oriented reform efforts. Per capita GDP at market exchange rates increased from US\$620 to US\$3,700 during this period, which, together with improved safety nets, led to a sharp reduction in poverty incidence from over 50 percent of the population in 1999 to about 28 percent in 2008.

However, the recent economic crisis reversed some of these achievements as Armenia experienced a sharp downturn with output contracting by 14 percent in 2009. After the crisis hit Armenia,

poverty increased, with 35.8 percent of the population living below the poverty line in 2010 compared to 27.6 percent in 2008. The Government's strong counter-cyclical fiscal policy focused mainly on increased spending on infrastructure, social protection and emergency financing for enterprises. While the fiscal expansion helped to protect the poor and maintain jobs, the pace of recovery remained slow with only 2.1 percent growth in 2010, 4.6 percent in 2011, and projected at 3.8 percent in 2012.

After pursuing a significant fiscal expansion during the crisis, the Government is now focused on consolidating its fiscal accounts. The Government's crisis response policies led to a substantial expansion of the fiscal deficit from 0.4 percent of GDP in 2008 to 7.6 percent of GDP in 2009. As a result, the public debt to GDP ratio more than tripled in just two years and peaked at about 42 percent in 2011 (up from 13.6 percent at end-2008). To restore a sustainable fiscal path, the Government has embarked on a significant consolidation effort which helped reduce the overall fiscal deficit to 2.9 percent of GDP in 2011 and the authorities plan to further reduce this ratio below 2 percent by 2013.

Sectoral and Institutional Context

The education system in Armenia primarily consists of public institutions, except for universities. In the 2009/2010 academic year, 96 percent of the 1,421 general secondary schools were state schools. The Government also supports one to two years of non-compulsory kindergarten/preschools, vocational schools and tertiary education institutions. Approximately 560,300 students were enrolled in the public education system as a whole, of which 31,000 students in private institutions. Education has been a priority for public investment since the late 1990s. Its share of the budget steadily increased from 7.9 percent of total government expenditures in 1997 to 12.8 percent in 2008, i.e. a rise from 2.2 percent to 2.9 percent of GDP, respectively.

Considerable progress has been made to improve access and the quality of general education. Armenia has achieved nearly universal enrollment rates at primary (grades 1-4) and lower secondary (5-9 grades) levels. In 2009, the net enrollment rates for primary education were 99.0 percent for the poorest decile and 98.6 percent for rural areas; and for lower secondary education, 96.2 percent and 99.4 percent, respectively. On quality, a wide range of reforms have taken place. The Government developed the National Curriculum Framework, standards, and syllabi, and extended the general education system from 10 to 12 years, with the introduction of high schools that offer specialized streams. It established the Assessment and Testing Center (ATC), which enhanced the capacity to assess student performance and introduced a transparent unified entrance examination for universities and colleges. All the 1,431 schools in Armenia are expected to have access to internet by January 2013, allowing students and teachers even in rural areas to be connected to most up-to-date information readily. The Government is planning to develop more e-content to maximize the benefit of internet access.

Teacher management is another core area for reforms. The Government has introduced a mandatory teacher certification system under which teachers need to take mandatory training and be tested every five years, and is developing comprehensive teacher professional development policies, including a ranking system and rank-based salary differentiations. In addition to in-service teacher training, the Government has begun investing in pre-service teacher training as well.

The focused investment in general secondary education has contributed to the improvement of student learning and the development of the school system. Most notably, the results of one of the major international assessments, i.e., the Trends in International Mathematics and Science Study (TIMSS) demonstrated that Armenian students' performance at 4th and 8th grades not only improved significantly between 2003 and 2007, but also exceeded those in many wealthier countries in Europe and Central Asia. Indeed, the Armenia's education system was selected as one of the

twenty “world’s most improved school systems” in a McKinsey’s Report in 2010.

The Government has begun reforms in all levels of education. Recent achievements are summarized by sub-sector below.

- An increasing number of young children are enrolled in the preschool program to get ready for schooling. As of 2012, about 65 percent of the 5-6 year-olds were enrolled in preschool or kindergarten. It is estimated that the enrollment rate will increase to about 75 percent by 2015. This is closing the gap of the Government’s objectives of reaching 90 percent enrollment by 2017.
- The extension of Armenia’s basic education from 8-year to 9-year has helped vocational students build a stronger basic skills before they start receiving vocational education. Also the extension of education from 11 grades to 12 grades introduced in 2010 will help students to build stronger skills before they continue into tertiary education or into the labor market.
- Higher education reforms started after Armenia joined the Bologna Process in 2005. As a result, gross enrollment for higher education improved from 19.6 percent in 2001 to 28.6 percent in 2008, which compares well to the countries at the similar economic level in the ECA region, but needs to improve to accelerate economic growth. A most notable development was the establishment of an independent quality assurance agency, the National Center for Professional Education Quality Assurance (ANQA) in 2009. In addition, the government adopted a higher education financing strategy in 2011, which addressed the weaknesses in the current higher education financing system. Based on the strategy, the Government plans to introduce various forms of institutional and student financing, including a Competitive Innovation Fund to support demand-driven projects, needs-based scholarships, and scholarships for priority fields.

Relationship to CAS

The proposed Grant will support the preparation of the General Education Improvement Project (P130182) which is expected to be delivered to the Board in December 2013. This operation responds to the Government’s reform priority areas in the education sector. The Bank’s 2009 Country Partnership Strategy (CPS) and the proposed Project support the Government’s two strategic objectives of addressing vulnerability and strengthening competitiveness in preparations for post-crisis growth. In the context of the recent mid-term Progress report on the CPS, Report Number 58299-AM, dated June 3, 2011, both the Government and the Bank recognize that given the challenges to the country’s development strategy posed by the uncertainties over the duration of the global economic crisis, it will be essential to maintain flexibility in the design, timing, and sequencing of interventions. The CPS was extended by one year to cover the period FY09-13. The Bank has supported the Government in reforming the education sector through a series of projects. The first Education Quality and Relevance Project (EQRPI, P074503) (2004-2009) supported: (i) the development of the National Curriculum Framework, standards and syllabi and implementation of the new curriculum up to the 9th grade; (ii) the creation of the Assessment and Testing Center (ATC) and the introduction of a transparent examination system and enhanced capacity to assess student performance; (iii) the establishment of the National Center of Education Technology (NACET) and creation of school learning centers through an effective Computer Revolving scheme; (iv) a large scale in-service teacher training effort carried out through an improved National Institute of Education (NIE); and (v) the implementation of the per capita financing mechanism, resulting in substantial efficiency gains, increased student-teacher ratios, and enhanced school autonomy.

The on-going second EQRPI (P107772) was designed to build on the achievements of the previous project, while extending its scope to preschool, secondary education and higher education. The

Armenian general education system has been extended from 10 to 12 years with the introduction of upper secondary schools with specialized streams. All schools in Armenia are expected to have access to the internet by January 2013, which would allow students and teachers especially in rural schools to be connected to the most up-to-date information. While continuing strengthening in-service teacher training, the Government also aims to strengthen pre-service teacher training. The school readiness program focuses on providing children in rural disadvantaged areas with opportunities to attend pre-school and be better prepared for school. Armenia joined the Bologna Process—European-wide higher education reform process—in 2005 and began reforming its higher education system, most notably by establishing an independent quality assurance agency and developing the new higher education financing strategy. Thus, Armenia has implemented various reforms which helped improve learning of students.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objectives are to (i) improve school readiness of children entering primary education, (ii) improve the learning environment in general education, and (iii) support increased labor market linkages of the higher education institutions in Armenia.

Key Results (From PCN)

The expected outcomes of the proposed Project are the following:

- Improved school readiness among those entering first grade in participating communities as measured by the Educational Development Index scores in participating kindergarten and schools with regard to students in a control group.
- Improved examination and test scores in project-targeted schools as measured by the Unified Entrance Examination.
- Increased partnerships between higher education institutions and the private sector established under the CIF with the aim of developing and modernizing the higher education sector in Armenia.

These outcome indicators are expected to be fine-tuned and complemented with others which are component-specific.

III. Preliminary Description

Concept Description

The project comprises five components as follows:

Component 1 (Estimated total cost US\$ 1.5 million) - Increasing Access and Quality of Preschool Education.

The objective of this component is twofold: firstly, it would support the Government of Armenia's (GoA's) efforts to increase preschool enrollment, focusing on vulnerable populations (including ethnic groups and disabled children), as a means of improving school readiness of 4 to 6 years old children entering primary education. Secondly, this component would finance activities aimed at improving the quality of preschool education offered by community-based initiatives. By the end of 2017, it is expected that 90 percent of 4 to 6 years old children would be enrolled in preschool institutions.

Component 2 (Estimated total cost US\$ 18 million) - Enriching Upper Secondary Schools. The objective of this component is to enrich the recently established network of High Schools by supporting rehabilitation of existing facilities and improvements in teaching and learning conditions, including the provision of contextualized digital learning materials in classrooms and modern equipment. By the end of the Project, it is expected that at least 17 high schools will be fully rehabilitated and offer upper secondary educational services in improved teaching and learning environments.

Component 3 (Estimated total cost US\$ 3.5 million) - Strengthening Key Institutions for Monitoring Outcomes of Educational Institutions and for Assessments of Student Learning in Armenia. This component will (i) improve the National Center of Education Technology's (NACET) capacity to Monitor the Armenian Educational network and provide adequate ICT coverage to all educational institutions of the country and (ii) provide support for the strengthening and improvement of Armenia's student assessment system.

Component 4 (Estimated total cost US\$ 5 million) – Mainstreaming of the Competitive Innovation Fund (CIF) for Higher Education Institutions. The objective of this component is to support the roll-out of the competitive grant program for higher education institutions (HEIs) that was developed and piloted under the Bank-supported Education Quality and Relevance Project (EQRP) -2. CIF was designed to support the best proposals prepared by HEIs with the aim of improving the quality, promoting the modernization and labor market relevance of the academic programs, increasing efficiency and equity, and increasing the access to new academic programs of HEIs in Armenia.

Component 5 (Estimated total cost US\$ 2 million) - Project Management. This component will provide the resources for the day-to-day implementation of the project by the Center for Education Projects (CEP), as well as for monitor and evaluate project implementation and outcomes. This component would provide funds for monitoring and evaluation studies, and audits of both project financial statements and grants implementation.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Tentative financing

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	30.00
Total	30.00

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