

**Document of
The World Bank**

Report No: 18985-TJ

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED LEARNING AND INNOVATION CREDIT
IN THE AMOUNT OF SDR 3,700,000
TO THE
REPUBLIC OF TAJIKISTAN
FOR AN
EDUCATION REFORM PROJECT
May 11, 1999

Human Development Sector Unit
Azerbaijan, Tajikistan, Uzbekistan and Aral Sea Country Unit
Europe and Central Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 1999)

Currency Unit = Tajikistan Rubles (TR)
US\$1 = TR900

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CAS	Country Assistance Strategy
CQ	Consultant Qualification
DC	Direct Contracting
ECA	Europe and Central Asia Region
FSU	Former Soviet Union
GOT	Government of Tajikistan
IDA	International Development Association
IMF	International Monetary Fund
IS	International Shopping
LIL	Learning and Innovation Loan
LR	Leninsky Rayon
M&E	Monitoring and Evaluation
MIS	Management Information System
MOC	Ministry of Culture
MOE	Ministry of Education
MOF	Ministry of Finance
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NS	National Shopping
PAD	Project Appraisal Document
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PMR	Project Management Report
PPAP	Pilot Poverty Alleviation Project
PAP2	Poverty Alleviation Project 2
PHRD	Policy and Human Resource Development (grant)
PTA	Parent Teacher Association
RFP	Request for Proposal
SAC	Structural Adjustment Credit
SDP	School Development Proposal
SOE	Statement of Expenditures
SSA	State Statistical Agency
SW	Small Works
TA	Technical Assistance
TASIF	Tajikistan Social Investment Fund
UNICEF	United Nations International Children's Emergency Fund

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Tajikistan

Education Reform Project (LIL)

CONTENTS

A. Project Development Objective	2
1. Project development objective.....	2
2. Key performance indicators.....	2
B. Strategic Context.....	2
1. Sector-related Country Assistance Strategy (CAS) goal supported by the project.....	3
2. Main sector issues and Government strategy	3
3. Sector issues to be addressed by the project and strategic choices.....	6
C. Project Description Summary.....	7
1. Project components.....	7
2. Key policy and institutional reforms supported by the project.....	10
3. Benefits and target population.....	10
4. Institutional and implementation arrangements.....	11
D. Project Rationale.....	12
1. Project alternatives considered and reasons for rejection.....	12
2. Major related projects financed by the IDA and/or other development agencies.....	13
3. Lessons learned and reflected in the project design	14
4. Indications of borrower commitment and ownership.....	14
5. Value added of IDA support in this project.....	15
E. Summary Project Analysis	15
1. Economic Assessment	15
2. Financial Assessment.....	15
3. Technical Assessment.....	16
4. Institutional Assessment.....	16
5. Social Assessment.....	17
6. Environmental Assessment.....	18
7. Participatory approach	18
F. Sustainability and Risks.....	18
1. Sustainability.....	18
2. Critical Risks.....	19
3. Possible Controversial Aspects.....	20
G. Main Credit Conditions.....	20
1. Effectiveness Conditions	20

H. Readiness for Implementation.....	21
I. Compliance with IDA Policies.....	21

Annexes

Annex 1	Project Design Summary
Annex 2	Project Description
Annex 3	Estimated Project Costs
Annex 4	Procurement and Disbursement Arrangements
Table A:	Project Costs by Procurement Arrangements
Table B:	Procurement Plan
Table C:	Summary of Procurement Activities
Table D:	Allocation of Loan Proceeds
Annex 5	Project Processing Budget and Schedule
Annex 6	Documents in Project File
Annex 7	Status of Bank Group Operations in Tajikistan - Operations Portfolio
Annex 7A	Statement of IFC's Committed and Disbursed Portfolio
Annex 8	Financial Management
Annex 9	Country At A Glance

Map IBRD 30115

Tajikistan
Education Reform Project (LIL)

Project Appraisal Document

Human Development Sector Unit
Azerbaijan, Tajikistan, Uzbekistan, and Aral Sea Country Unit
Europe and Central Asia Region

Date: May 11, 1999 Country Manager/Director: Ishrat Husain Project ID: TJ-57953 Lending Instrument: Learning and Innovation Loan (LIL)	Team Leader: Marit Granheim/Michael Mills Sector Manager/Director: James Socknat Sector: Education Theme(s): Human Development; Poverty Reduction Poverty Targeted Intervention: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Project Financing Data				
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Grant	<input type="checkbox"/> Guarantee	<input type="checkbox"/> Other [Specify]
For Loans/Credits/Others:				
Amount (US\$m): \$5 million				
Proposed terms: <input type="checkbox"/> To be defined <input type="checkbox"/> Multicurrency <input type="checkbox"/> Single currency				
<input type="checkbox"/> Standard Variable <input type="checkbox"/> Fixed <input type="checkbox"/> LIBOR-based				
Grace period (years): 10				
Years to maturity: 40				
Commitment fee: Standard				
Service charge: 0.75%				
Front-end fee on Bank loan:				
Financing plan:				
	Source		Local	Foreign
			Total	
	Government		\$0.5 m	\$0.5 m
	IBRD			
	IDA		\$3.8 m	\$1.2 m
	Other (specify)			\$5.0 m
	Total:		\$4.3 m	\$1.2 m
Borrower: Republic of Tajikistan				
Guarantor: Not applicable				
Responsible agencies: Ministries of Finance and Education				

Estimated disbursements (Bank FY, US\$m):			
FY	2000	2001	2002
Annual	\$1.5 m	\$2.0 m	\$2.0 m
Cumulative	\$1.5 m	\$3.5 m	\$5.5 m
Project implementation period: 36 months			
Expected effectiveness date: 7/15/99		Expected closing date: 12/31/02	
Implementing agencies: Ministry of Education; Leninsky Rayon and Dushanbe City; coordinated by the Project Management Unit			
Contact person: Minister Munira Inayatova			
Address: Ministry of Education, 13 Chekhov Street, Dushanbe			
Tel: 7-3772-233392/214605	Fax:	E-mail:	

A: Project Development Objective

1. *Project development objective (see Annex 1):*

The main goal of the project is to improve access to high quality education as well as to raise learning achievements of students. The main project development objectives are: (i) to develop and pilot enhanced teaching and management methodologies; (ii) to rehabilitate 20 pilot schools in a way which could later be replicated geographically; (iii) to reform the system of textbook development, publishing and distribution to improve the availability of good quality textbooks; (iv) build management capacity in the Ministry of Education (MOE), the two pilot rayon school administrations and at the pilot schools; and (v) to learn from this pilot experience in order to apply lessons learned to broader reforms in the education sector. The project will introduce innovation and reform in primary education in Tajikistan focussing on the primary grades and carried out through the MOE piloting new methods of teaching, management, school rehabilitation and textbook development in a participatory approach. It will involve the central, regional and school administrations, as well as parents, students and the community at large.

2. *Key performance indicators (see Annex 1):*

The indicators for the project include: (i) the use of "active learning" techniques by teachers in the pilot schools, and active learning included in the new curriculum by 2002; (ii) the performance levels of students in the pilot schools; (iii) the number of children attending primary school and the number of students completing primary education; (iv) the number of managers having completed management training, the development of clear roles and responsibilities for managers at central and local level established nationwide, and the implementation of them in the pilot rayons and schools; (v) 20 schools upgraded to functional standards; (vi) the number of students nationwide who have received textbooks, and particularly the number of textbooks distributed in 20 schools; (vii) a transparent system of writing, editing, printing and distribution of textbooks—with participation of the private sector; (viii) parents' contributions to school resources and maintenance; and (ix) the extent to which the lessons of the project are used by the education authorities for further design and implementation of further reforms in the sector.

As the proposed project is a Learning and Innovation Loan (LIL), emphasis is placed on learning from the piloting of new methodologies. During the course of project implementation, additional indicators will be added and the current indicators will be augmented relating to the development, testing and implementation of the new teaching and management techniques, as well as to the rehabilitation of the pilot schools and textbook development.

B: Strategic Context

Tajikistan is a very poor country with an estimated per capita income of around US\$330. The country has been hit hard by a combination of civil war, economic collapse and localized natural disasters. Wages and salaries, once the primary component of family income, have ceased for most families to be the major source of income. By the end of 1998, real wages had fallen to less than 5 percent of their 1991 level, and the average monthly salary of teachers and health care workers was TR 2,400 (US\$7)—well below the estimated cost of an individual adult 2400 kCal minimum diet. Poverty has intensified in many parts of the country, especially in remote and war-affected areas, with women (especially single women and female headed households), children and orphans particularly vulnerable. Roughly 85 percent of the population of 6 million is considered poor.

Despite the severity of the situation, there is hope that poverty can be reduced over time. The Government's approach toward poverty reduction consists of the following elements: (i) continued macroeconomic stabilization with inflation and the budget deficit kept down, and acceleration of the privatization process; (ii) peace and security, including repatriation and reintegration of refugees and internally displaced

people, demobilization and reintegration of ex-combatants, and physical reconstruction; (iii) land reform, farm restructuring and additional job creation measures, especially to assist the poor and landless who do not benefit directly from the reform measures; and (iv) protection of basic social service budgets and structural reforms in health and education. Since the Government and United Tajik Opposition signed the peace agreement in 1997, the Government has made good progress in stabilizing the macro environment. The IMF is supporting the macroeconomic strategy under the Post Conflict Emergency Assistance Mechanism, and in 1998 there was positive growth of about 5 percent.

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1):

CAS Document number: 18075-TJ

Date of latest CAS discussion: June 25, 1998

The Bank's strategy in the social and human development sectors comprises four elements: protection of the minimum necessary budget for priority services (in coordination with the IMF), investments in key activities, support for policy change, and institution building efforts.

First, under the Structural Adjustment Credit (SAC), the Government has already agreed that the health and education sectors' share of the total government budget will not fall below an agreed minimum proportion. The SAC agreement also includes agreements about the elimination of salary arrears, the bulk of which are presently owed to education and health workers.

Second, there are some key investments aimed directly at the needs of the poor. In particular, the ongoing Pilot Poverty Alleviation Project (PPAP) supports demand-driven microprojects and the programs of three international non-government organizations (NGOs). Under the PPAP, the Tajikistan Social Investment Fund (TASIF) is designing and implementing microprojects, with an emphasis on community participation. Through both the microprojects and also the programs of the three international NGOs, the aim is for the PPAP to benefit 250,000 people (5 percent of the total population). The PPAP should be fully implemented by early FY00, at which time a follow-up project (PAP2) is planned. There is also an ongoing Post-Conflict Emergency Reconstruction Project which is aimed at reconstruction following the end of civil war. In addition to the proposed Education Reform Project, there will also be an IDA-supported investment in the health sector in FY00. This project will focus on pilot testing approaches to reorient health services toward primary care delivery and building institutional capacity to define and carry out reforms, including rationalization of services. In total, 20 percent of Bank lending to Tajikistan during FY99-FY01 is being directed to the social sectors. In all of its social sector project work, the Bank will continue to work closely with the other agencies which are already active there.

Third, there is also support for policy change relating to some of the key structural issues facing each of the sectors, such as financing, decentralization and personnel management reform. This will build upon what is already being done by the Government, for example through an increased emphasis on cost sharing by patients (in the health sector) and by parents/students (in education).

Fourth, there is an emphasis on building up institutional capacity, partly through the IDA-supported education and health projects, but also through coordination with the World Bank Institute program (such as was done with the design of the PPAP) and in conjunction with other relevant donor and NGO partners. In the design and evaluation of projects, local consultants are being used wherever feasible.

2. Main sector issues and Government strategy:

Like in other Former Soviet Union (FSU) republics, investment in social infrastructure during the Soviet period allowed Tajikistan to reach the level of educational development in middle income countries, though it was mainly the result of the large budget subsidy from Moscow. Prior to independence, Tajikistan had achieved a high adult literacy rate (99 percent in 1990), almost universal eleven years of compulsory education, and a

relatively well educated labor force (e.g., 77 percent having ten or more years of schooling). Educational institutions at all levels have been fairly accessible to the majority of the public in terms of both location and numbers. Unfortunately, this situation rapidly changed in the early 1990s. An increasing number of students are now not attending school, and dropout rates are on the increase at all levels of education. According to figures from the State Statistical Agency (SSA), in 1996, about one-fifth of boys and one-quarter of girls, aged 7-18 years old, did not attend school. In the past, illiteracy did not exist, but there are now children who cannot read or write.

Tajikistan inherited its educational structure from the FSU, and the overall structure and programs of the previous Soviet system appear to have been maintained with some minor revisions only in school curricula. Like other FSU countries, Tajikistan has kindergartens, general secondary schools (which include primary grades 1-4 and secondary grades 5-9), upper secondary schools (grades 10-11), specialized vocational and technical schools, and higher education institutions. At present, education is compulsory for all children up to the ninth grade, having been reduced from 11 years in 1996. Each year, there are about 180,000 children who should go to school for the first year. Since population growth is now around 3 percent, there is an increasing demographic pressure on the general education system.

The MOE is responsible for overall education policy, curriculum and textbook development, and the administration of preschool, primary, secondary, specialized secondary and higher education. The MOE is itself responsible for financing specialized secondary education, higher education and the internats (boarding schools for students with minor and severe mental and physical disabilities, orphanages, and sanitariums). However, the local governments have become increasingly responsible for the delivery and financing of primary and secondary education, even though their planning and management (including financial) capacity has been extremely weak. In 1997, about 82 percent of actual state expenditure on primary and secondary education was funded at the local level. While part of local government expenditures is transferred from the Central Government, local governments cover the balance through their own resources. The Ministry of Labor is responsible for administering and financing vocational and technical education. Currently, there are 56 higher educational and secondary technical vocational schools.

Table 1 presents a snapshot of Tajikistan's education profile with respect to the basic education indicators. In 1992, there were 3,320 primary and secondary schools in the country, with a total of 1.3 million students. The education system has a total of 112,500 employees from pre-school to universities. Most primary and secondary teachers in the urban areas are women, while most of the teachers in the rural areas are men.

Table 1: Selected Education Indicators

Level of Education	Number of Schools	Number of Teachers	Number of Students (000)	Student/Teacher Ratio	Percentage Change in Student Enrollment, 1990-1996
Preschools	792	10,000	112	11	-25.8
General Education	3,392	92,578	1,308	14	1.1
Universities	25	2,000	76	37	-19.1

Source: UNDP Human Development Report, 1997.

The main issues now facing the sector include: (i) a deterioration of the quality of education; (ii) the need for a change of “mentality” among teachers, students and education administration officials; (iii) inequitable access to school; (iv) inadequate management capacity; (v) inefficiencies in funding; (vi) unsatisfactory school facilities; and (vii) a serious shortage of textbooks.

(a) *Deterioration of Education Quality.* The break-up of the FSU and the subsequent collapse of the Tajik economy has led to a deterioration of school buildings and school furniture, a lack of textbooks, highly insufficient funds for school supervision and management, and a flight of teachers away from the profession and even away from the country. As a result of all these factors, the quality of the education provided has significantly deteriorated, affecting all children in the population and particularly children of the poorest families. There is now a serious danger of a “lost generation” with little or no education at all.

(b) *Need for a Change of “Mentality”.* The development of democracy and a market economy in the country represents a formidable challenge to the mindset of people who need to embrace concepts such as personal responsibility, accountability, and proactive and entrepreneurial attitudes. Education needs to play an important part in bringing about these changes. However, there must first be a change in the attitudes and way of thinking among teachers. Therefore, teacher training is a critical prerequisite to the overall development and change of mentality in education and thus in society as a whole. A related teacher education issue is the single subject specialization of teachers beginning in grade 5. As in other FSU countries, teachers often teach in that narrow specialization.. This practice is one of the major contributors to the low student-teacher ratio in general education, since most single subject teachers are not able to teach "full-time equivalent" particularly in smaller schools. Training single subject teachers as "general specialist" or "dual subject specialist" could, in time, provide some cost savings in smaller schools due to a decline in the number of teachers in the system. More importantly, to re-train single subject specialist teachers as "generalist" or "dual subject" teachers is particularly important in the context of curriculum reform, since the number of compulsory courses will be reduced sharply. As a result of a sharp reduction in the number of specialized courses, many teacher need to be re-trained to teach courses related to their specialization.

(c) *Inequitable Access to School.* An important consequence of the persistent under-funding of education is the declining access to education particularly for those children coming from poor families and rural areas. Site visits and the available evidence indicate that an increasing number of children from poor families are unable to attend even primary education because of the increasing direct and indirect costs of attending schools. Indirect costs include children's work to earn money to support their families, while direct costs include payments for schools in the form of school fees and/or expenditures for textbooks and other educational materials. The net effect of the increasing cost of education is that an increasing number of children from low-income families or rural areas drop out before completing school or are not even able to attend school.

(d) *Lack of Management Capacity.* In order to improve its management and to develop policy capacity, the MOE needs to strengthen its management information system (MIS), and develop the managerial skills of its staff at the central, local government, and the school levels. This will require a reassessment of the roles and responsibilities of the MOE and how/which responsibilities are delegated to local authorities and schools and how they are divided between MOE and other players at the national level, e.g., the Ministry of Finance (MOF) and other agencies. In addition, it is essential to improve the quality and availability of data at all levels of the system, so that managers can monitor those parts of the system for which they are responsible, and develop policy and action plans based on information that is accurate and timely.

(e) *Inefficiencies in Funding.* Existing norms for average class size and student teacher ratios in determining education budget result in considerable inefficiencies in allocating government funds for the education sector. Greater local and school level flexibility in resource mobilization and allocation needs to be accompanied by transparent mechanisms of financial accountability, which will consist of several elements,

including an improved and relevant MIS, and the strengthening of the reporting requirements of school managers to school councils and parent groups.

(f) *Unsatisfactory School Facilities.* The majority of schools in the country were constructed very poorly and had no central heating or water supply systems although close to 25 percent of the schools were built in accordance with Soviet standards. The disintegration of the Soviet Union, social upheavals, and the civil war had a serious effect on the education infrastructure. Over 200 schools were destroyed and plundered in Khatlon, the Gharm Valley and parts of the Rayons of Republican Subordination. In addition, natural disasters like earthquakes, heavy floods and mud floods, have also contributed to the poor standard of school facilities in the country. Some schools lack floors, have unfinished ceilings and insufficient lighting. More than 600 schools are buildings with only two or three classrooms, and many schools have no glass in windows, broken doors, leaking ceilings, and no electrical supply. Exacerbating this situation, schools lack furniture, and three or four children often have to share one desk. Most school buildings have not been maintained and repaired in years, so there is a great and accumulated need for maintenance and repair. Some of the most severely affected rayons are in need of a comprehensive school rehabilitation program.

(g) *Shortage of Textbooks.* Traditionally, the Government provided all basic textbooks for grades 1-11 free of charge. However, since 1996, the Government has not been able to provide funds for textbook publishing and has stopped providing free textbooks. Few textbooks are even available on the market, and the available ones are sold at high prices by private traders. The lack of textbooks and high costs of basic textbooks have resulted in a rapid deterioration in the quality of general education. At the same time, the textbook problem has been exacerbated by the outdated content of textbooks in many subjects. The production and distribution system of textbooks also needs to be reformed, as textbook publishing is monopolized by the Ministry of Culture (MOC).

3. Sector issues to be addressed by the project and strategic choices:

As indicated above, there are many complex issues to be addressed in the education sector. One approach might be to try to tackle them one by one. However, this will not be an effective or feasible approach, as the issues are intrinsically interlinked. For example, the quality of education is unlikely to be improved significantly only through a program of teacher retraining: also necessary will be an investment in the learning materials, in school management, and in at least basic physical improvements in some of the schools. Therefore, the design of the proposed project is based on two main pillars: the need for some key strategic planning in all of the identified issues at the national level, and the associated piloting of the reforms in two selected areas of the country. The strategic planning relates, for example, to the teacher retraining program, to the development of new forms of school and sector management, to changes in the ways textbooks are produced and utilized, and to the revision of standards for school buildings. In each of these areas, the plan is to design a national framework, and then to learn from the first phase of implementation through the proposed project. The project has also been designed as a relatively small and quick pilot project, and with as much flexibility of design as possible. In addition, the project includes a considerable amount of monitoring and evaluation from which lessons of experience will be learned.

The selected areas for the project comprise Leninsky rayon (chosen due to its accessibility to Dushanbe, its relatively safe security situation and the interest of the local authorities there) and some adjacent parts of Dushanbe. In these selected areas, a total of about 20 pilot schools will be supported through the project. These schools were selected partly through a competitive process, in order to identify the schools and local communities most interested in and willing to carry out reforms; and partly on the basis of need, in order to try to contribute (albeit modestly) to poverty alleviation efforts. It is hoped and expected that other external agencies (including perhaps the Asian Development Bank-ADB) may be interested in providing parallel assistance to the education reform program through investing in a similar way in other rayons of the country.

As part of the project design work, a social assessment was carried out. The main conclusion of that assessment is that the project must address factors such as the inadequate school facilities, textbooks and the extremely low salaries for teachers. The project design also needs to take account of the poverty of many families, and the increasing size of the student drop-out problem. Therefore, the project will address the physical reconstruction of schools, the procurement of textbooks and the involvement of parents in maintaining and partly financing their children's schools. Another conclusion of the assessment is that the project must address the strong need for a change in mentality. The Minister of Education and students agree about the need for interactive teaching methods that encourage creativity. However, the changes in the curriculum are not understood well by the teachers. It is, therefore, a main area of the project to train teachers and managers in new methods of teaching and managing. The focus will be on the need for teachers to be proactive and take initiatives, and on a participatory approach and the involvement of students.

In parallel with the implementation of the project, overall budgetary issues (and especially ensuring the payment of teachers' salaries and protecting the proportion of the budget allocated to the education sector) will continue to be addressed through the structural adjustment program. Maximum use is also being made of the experiences of other donors, and in particular UNICEF, which has already been investigating the potential for the establishment of a textbook revolving fund. Regarding teacher retraining, there has also been close liaison with the Aga Khan Network, with a representative of the Aga Khan University working with the project design team in order to share experiences of teacher retraining programs within the region. As part of the project development, a meeting was organized of all external agencies (such as the Open Society Institute, the Red Cross, Save The Children US and Save The Children UK) working in the education sector in order to coordinate programs. In order to assist the design work and also to start the process of building up planning capacity within the Ministry of Education, a PHRD (Policy and Human Resource Development) grant was approved by the Government of Japan. Inter alia, this was used to encourage the counterparts and the client to share and learn as much as possible from the education programs of other countries in the region.

C: Project Description Summary

1. Project components (see Annex 2 for a detailed project description and Annex 3 for detailed cost estimates):

The total cost of the project is \$5.5 million, and the local contribution will amount to \$0.5 million. Of this amount, half will be made available in kind by the Government through the provision of the accommodation for the Project Implementation Unit (PIU) and through contributions from local communities through their support for schools within the pilot rayons. The balance (\$230,000) of the local contribution will come from the MOF through the budget: the equivalent of \$50,000 will be approved in CY99; \$100,000 in CY00; \$60,000 in CY01; and \$20,000 in CY02.

The following three components will be implemented under the project: (i) capacity building; (ii) improving education assets and materials; and (iii) project management, and monitoring and evaluation.

Component	Sector	Indicative Costs (US\$M)	% of Total	Bank-financing (US\$M)	% of Bank-financing
A. Capacity building					
1. Training	Training, Technical Assistance, and study tours				
• Training for teacher trainers		0.15	2.7	0.15	3.0
• In-service training teachers in pilot schools		0.11	2.0	0.11	2.2
• Parents meetings in pilot schools		0.03	0.5	0.03	0.6
2. Management training	Training, Technical assistance and study tours				
• Ministry of Education		0.22	4.0	0.22	4.4
• Rayon Ed. Administration					
• School Administration					
Total:		0.52	9.5	0.52	10.4
B. Improving educational assets/materials					
1. Refurbishment and equipment	Training Technical assistance Civil works, goods				
• Pilot schools: Civil works and equipment		2.09	38.0	1.93	38.6
• MOE: Equipment		0.02	0.4	0.02	0.4
• Pilot rayon: Civil works and equipment		0.08	1.5	0.07	1.4
• Teacher training centers/teacher retraining center		0.17	3.1	0.16	3.2
2. Textbooks	Training Technical assistance Goods				
• Printing of 18 titles		1.65	30.0	1.65	33.0
• Textbook distribution		0.05	0.9	0.05	1.0
Total:		4.06	73.8	3.88	77.6
C. Project Management					
• Setting up efficient project management	Training Technical assistance	0.78	14.2	0.46	0.92
• Monitoring and evaluation		0.09	1.6	0.09	1.8
• Audit		0.05	0.9	0.05	1.0
Total:		0.92	16.7	0.60	12.0
TOTAL:		5.50	100	5.0	100

(a) Capacity Building

Teacher training. This is a key component in achieving the project objectives, as it is needed to bring about active learning in the classrooms, as well as a greater understanding and openness to decentralization, community involvement and participation.

More active teaching methods. The approach will be to select and train about 20 teachers with suitable skills as teacher trainers, using overseas trainers during three 5-day training courses. The trainers' courses will have four main elements: personal development in independent learning; teaching and learning methods; planning school improvement; and team and training development. The courses will be linked to action planning and work-based learning which is subsequently mentored and monitored. These trainers will then train about 900 teachers from the 20 pilot schools, using two different approaches: 10 of the schools will have a school-based training strategy (in which 6 training days each year are provided in-school, with the training days linked to classroom and school action plans), and the other 10 schools will have a 6-day center-based course each year (with the benefits of inter-school dialogue, but the disadvantage of a less school-focused course). Most types of training will be linked to action plans. Training will also be provided for school principals. In addition, parents in each of the pilot schools will be invited to meetings to involve them as "participatory parents", who are partially responsible for the financing of the schools and for exerting influence on the governance and maintenance of the schools.

Management training. This will be provided through the establishment of three management support units, one in the MOE and one in each of the pilot rayons, equipped with basic information technology and office equipment. Local and international specialists will provide training in general management subjects such as: (i) management responsibilities; (ii) the effects of various management styles applied in specific organizational cultures; (iii) setting and implementation objectives; (iv) decision making; (v) management information systems; (vi) budgeting and finance; and (vii) recruiting and deployment of human resources and development and implementation of incentive systems. In addition, management training for school managers will cover specific education subjects such as the roles and responsibilities at the central and local levels of the education sector; school laws and regulations; curriculum; control and assessment of teachers and student performance and feedback; organizing the school year; time schedules and the allocation of classrooms; cooperation with parents and the community; fund raising; management of student flows; developing, implementing and using an MIS in education; and the procurement, delivery and revolving of materials and equipment. The training courses will be for about 5 officials from the MOE, 10 managers from the two rayon administrations, 40 principals and vice-principals from the pilot schools, 2-4 teacher trainers, and 2 officials from the PIU. In addition, there will be study tours for the selected staff.

(b) Improving Education Assets and Materials

Refurbishment and equipping of the pilot schools, the MOE, the pilot rayons and the teacher training institution. The MOE and the education officials in Dushanbe and Leninsky selected 20 pilot schools based on needs and competition. Fifty percent of the schools (seven schools in Leninsky and three schools in Dushanbe) were selected on a competitive basis, based on the school plans for improving activities and the involvement of communities, parents and teachers. These plans include proposals for the involvement of communities to enhance the delivery of education, to improve attendance levels of school children and to facilitate the access to schools by poor children. The remaining 50 percent of schools (eight in Leninsky and two in Dushanbe) were selected because of urgent need and poverty targeting. This selection was based on the potential of these schools to change and improve. The selection committee included the MOE, the local government (hukumat) and the Pedagogical University.

The rehabilitation of the pilot schools will only be up to a functional level, with priority being given to the following: roof repairs, insulation from the weather; repair and replacement of windows; installation of heating systems and lighting; provision of adequate water and sewerage systems; repair of toilets; and painting of walls and floors, etc. The criteria for the work to be done will include economy, simplicity of materials, use of local materials wherever possible, and sturdiness. The work will be carried out in school year 1999 -2000, so that as many as possible of the rehabilitated schools will be ready for use by September 2000. The average cost of the work done per school is estimated to be in the region of \$75,000. In addition, furniture will be provided, at an

estimated cost of about \$20,000 per school. Minor rehabilitation will also be carried out to the teacher retraining institute and two pilot training centers, and information technology equipment will be provided to the MOE itself.

Textbooks. The project will support the introduction of an innovative textbook rental system in the 20 pilot schools. Under the scheme, sets of textbooks will be rented out to students for one school year with them paying about one third of the cost. The money collected will go into a special fund which will pay for the purchase of further copies of textbooks. Particularly poor children such as orphans, will be able to borrow sets of textbooks free of charge, with the cost of the "free rentals" being met by the local authority. The storage of textbooks in the selected schools over the vacations will be addressed through the school refurbishment program, as each classroom will have cupboard space and shelving provided as part of the renovations. The operation of the rental scheme in the pilot schools will be monitored, starting with school year 2000-2001 and finally evaluated in school year 2002-2003. The project will finance the publication or reprinting of about 18 mainly primary school textbooks and teacher guides which are not covered by the ongoing UNICEF project (which provides for printing paper for 9-10 titles). Almost all of the relevant textbooks and teacher guides are ready for publishing, having gone through the MOE's testing and manuscript approval system. The project will purchase finished textbooks through international competitive bidding. The contractor that is awarded the contract will be responsible for paying the authors their fees for publishing their textbooks, as laid down in the Authors' Law of Tajikistan. It will edit, design and illustrate new textbooks and teacher guides, and draw up production specifications for all books covered by the project. In addition to the textbooks for the pilot schools, the project will pay for the MOE to distribute textbooks to the other 78 rayons in Tajikistan.

(c) Project Management

Project coordination. This component will finance local consultant services, equipment and project audits. The salaries of the PIU director and any other local consultants working on the implementation of the project as well as PIU operating costs will be financed by the project. This component will also provide for the monitoring and evaluation of the project.

2. Key policy and institutional reforms supported by the project:

The proposed project is responding to the commitment of the Government generally, and the MOE in particular, to carry out reforms in the following areas: (i) the replacement of the current hierarchical and specialty driven approach to education with a more general, creative and flexible compulsory education; (ii) the rationalization of schools and the redefinition of school functions; (iii) the introduction of innovative ways to retrain teachers, principals, school administrators and teacher tutors; and (iv) the move from budgeting by norms to budgeting by inputs, and the development of new ways to fund primary education (particularly through community participation). No policy reforms are explicitly expected or made as a condition of this learning project. However, it is anticipated that this operation will have a catalytic function in supporting and continuing the ongoing education policy reform agenda in Tajikistan. In addition, there will be some significant institutional reforms, both in the MOE and also in the local governments in Leninsky and Dushanbe. The project will be monitored closely, and the lessons of experience will be fed into the reform process. The Tajikistan lending program includes a follow-up Social Sector Rehabilitation Credit Project in FY01, and the design of that project will be based, inter alia, on the achievements of the Education LIL.

3. Benefits and target population:

There will be three types of benefit from the project: (i) students in the pilot schools will have a better quality of education; (ii) teachers in the pilot rayons will have improved knowledge and skills for use in the classrooms; and (iii) there will be an increase in the capacity of the MOE officials and of the education authorities in the pilot rayons to plan and carry out reforms. More specifically, the students in the pilot rayons, and specially

the poor students, will have an improved access to high quality education, an improved learning environment, and an improved quality of learning. Students in other parts of the country will also benefit from an improved supply and provision of textbooks. Teachers in the pilot rayons will have an improved working environment, better knowledge and skills from in-service training, improved motivation and more interest from their co-operation with parents. The various managers in the MOE, the pilot rayons and the schools will have improved management knowledge and skills, better procedures and more modern equipment for schooling.

4. Institutional and implementation arrangements:

Overall responsibility for project coordination and implementation will lie with the PIU, located in the MOE. During the entire duration of the project, the PIU could have the following staff: a director (selected through a fully competitive process), an education and monitoring specialist, a procurement specialist, a financial management specialist, accountant, a MIS/computer specialist, an interpreter, a secretary and a driver. The project director will report directly to the Minister of Education and has been appointed under the terms of reference, experience and qualifications satisfactory to the International Development Association (IDA). There will also be a Steering Committee for the project, chaired by the Minister of Education, and with representatives from the MOE and other relevant ministries, the two rayon authorities, and the university or private sector. The responsibility for the rationalization of education at the rayon level will be shared between the MOE, the two pilot rayon administrations and the 20 pilot schools. The implementation period for the project will be three years.

All procurement will be carried out according to the usual World Bank procedures. A special account has already been opened for the ongoing PHRD grant, and another account will be opened in a commercial bank acceptable to the IDA for the project account. The PIU will be directly responsible for financial management during the project, on behalf of the MOE. The MOE was responsible for managing the PHRD grant of US\$245,000, and has transferred this responsibility to the PIU. The PIU has an accountant who is responsible for financial management and control under the PHRD and the project itself. The accountant reports to the PIU director. Technical assistance will be made available to the PIU in project and financial management during the first year of project implementation. This will include training workshops for the PIU and project coordination staff at the local level. The project team has mobilized grant funding from other sources to provide procurement, accounting and financial management expertise within the PIU. The PIU is to receive basic office equipment (printer, fax, copier) out of PHRD funds. Further equipment will be financed through the project.

A basic project financial and accounting program will be developed prior to effectiveness, with support from IDA, and in coordination with other existing PIUs in Tajikistan. Given the project size, this will be kept as simple as possible. The system to be designed will have, inter alia, an accounting and internal control system with the capacity to record and retrieve in a timely manner. The system will: (i) reliably record and report all assets, liabilities, and financial transactions of the project; and (ii) provide reliable financial information for managing and monitoring project activities. The accounting system will be classified by component, reflect the sources of funds, and be broken down into different types of expenditures for the project. Further, it will provide information on the receipt and use of funds, and will be able to produce financial reports comparing budget with actual expenditures at any given time. The system will be capable of providing financial data to measure performance when linked to the outputs of the project.

The PIU will maintain consolidated accounts for the project and will ensure appropriate accounting of the funds provided. The PIU will be responsible for preparing Project Management Reports (PMR) on a quarterly basis, and furnish to IDA not later than 45 days after the end of each calendar quarter, a PMR for such period, which: (i) sets forth actual sources and application of funds for the project, both cumulatively and for the period covered by the report, and projected sources and applications of funds for the project for the six-month period following the period covered by the report; (ii) shows separately expenditures financed out of the proceeds of the credit during the period covered by the report and expenditures proposed to be financed out of the proceeds of the

credit during the six-month period following the period covered by report; (iii) describes physical progress in project implementation, both cumulatively and for the period covered by the report, and explains variances between the actual and previously forecast implementation targets; and (iv) sets forth the status of procurement under the project and expenditures under contracts financed out of the proceeds of the credit, as at the end of the period covered by the report.

The Minister of Education (or her designate) and the PIU director will be authorized to sign withdrawal applications, authorizing direct payments from the credit account and/or requesting replenishment of the special account.

The PIU will be responsible for ensuring that the financial statement, special account, and Statement of Expenditure (SOEs) are audited by an independent auditor, acceptable to IDA, in accordance with standards on auditing that are acceptable to IDA. The annual audit will be carried out in accordance with the *Guidelines for Financial Reporting and Auditing of Projects Financed by the World Bank (March 1982)*. The auditing assignment terms of reference will be prepared based on Annex XVIII of the World Bank Financial Accounting Reporting and Auditing Handbook (January 1995), including reporting obligations of the PIU for the auditors, auditing standards, the management letter, statement of access to the records and personnel available to the auditor, etc. The audit report will include a separate opinion for SOEs against which disbursements have been made or are due to be made from the credit, and SOEs which will be included in the audit report accompanying the financial statements. The audited financial statements of the special accounts, and SOEs of the preceding fiscal year, including a separate opinion by the auditor on disbursements made against certified statement of expenditures, will be sent to the Bank within six months of the end of the Government's fiscal year. The estimated overall budget for auditing under the project will be around \$45,000, which appears to be reasonable, given the size of the project, and existing in-country auditing capacity. Auditing services will be procured on a least-cost basis, and packaged as a recurring audit, with no requirement for a new engagement letter, except in the special circumstances.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

(a) Choice of a LIL. The LIL is an appropriate response to the conditions in the education sector in Tajikistan, as there are emergency conditions which require urgent action, where structural reform is clearly needed, but where the client is new and there are many innovations to be made and evaluated. A LIL will allow for the introduction of innovative methods in education by the MOE, the selected rayon governments and the local communities. These innovations include community management of schools and new approaches to cost-sharing; new approaches to teaching training; reconfiguring the teaching environment through refurbishment of classrooms; and the production and distribution of textbooks using new methods of production and distribution. Monitoring and evaluation will be emphasized to make the lessons applicable to future policy and sector reform.

(b) Choice of two districts for the pilot. It is planned for the project to work in one urban district (in Dushanbe) and in one fairly rural one (Leninsky). There will be about 20 pilot schools in these rayons (about 5 in Dushanbe and 15 in Leninsky). Although testing innovations in the MOE and in only two rayons limits somewhat the ability to generalize the results to other rayons, Tajikistan is a relatively small country; and including more rayons in the pilot project will complicate the project design and increase the danger of overloading the limited design, implementation and evaluation capacity of the MOE.

(c) Inclusion of the textbook component. The printing and distribution of textbooks for primary education in Tajikistan might not be considered to be a "typical" investment component of a LIL. Nevertheless, as confirmed by the social assessment, the shortage of textbooks is so extensive that it is necessary to address this

constraint as part of the package of investments in the project. Tajikistan is in danger of having a growing proportion of the population illiterate within a relatively short timeline unless textbooks are provided. Therefore, the proposed project aims to fund some textbooks, particularly to test out reform options in this important area.

(d) Demand-side financing. As Tajikistan is a poor country, with maybe as many as 85 percent of the population below the poverty line, consideration might have been given to including some specific “demand-side” financing arrangements in the project design. This could have been done, for example, through the inclusion of special scholarships for the poor. For several reasons, however, it was decided not to do this. First, the reasons for school non-attendance are unclear. It does seem that the opportunity cost of labor is one of the reasons, especially with many poor people having to go to pick the cotton crop. But it also appears from the social assessment that there is still plenty of demand for schooling and that a primary reason for low attendance is the perceived (and actual) low quality of schooling available. Efforts made to improve teaching and the availability of learning materials may, therefore, be expected to have a significant effect on attendance. The Government is also tightening up the regulations about the use of children for cotton-picking. With the extent of poverty, it will also be difficult to target those most in need. In addition, the changes to be made at the local level in encouraging communities to provide financial support to schools will take into account the particular needs of the poorest groups. Finally, with the extremely limited management capacity, there was considerable concern about making the design of the project more complicated. Nevertheless, the link between poverty and school attendance will be monitored through the implementation of the project, and lessons learned in this important area will be incorporated in the proposed follow-up project in FY01.

2. Major related projects financed by the Bank and/or other development agencies:

Sector Issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed	Ongoing (IDA): <ul style="list-style-type: none"> • Institution Building Technical Assistance Project (TA) • Pilot Poverty Alleviation Project • Structural Adjustment Credit I • Post-Conflict Emergency Reconstruction Project • Emergency Flood Assistance Planned (IDA): <ul style="list-style-type: none"> • Health Project (LIL) 	S S U S S S	S S S S S
Other development agencies	UNICEF <ul style="list-style-type: none"> • Aga Khan Foundation • Open Society Institute • Islamic Development Bank • Save the Children US • Save the Children UK 		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

Lessons of experience need to be considered from three perspectives: (a) the lessons of other projects in Tajikistan; (b) the lessons of other education projects elsewhere; and (c) the lessons of other LILs. Concerning the first perspective, some of the main general lessons from working in Tajikistan include the following: (i) the need for high-level support and political commitment for key policy reforms and project design; (ii) the realization that institutional reforms take time to achieve; and (iii) the emphasis that needs to be given to staff development and training, including particularly on Bank-related procedures, for efficient project implementation. One implication, in particular, is the need for careful planning of ways to strengthen institutional capacity, especially as it is clear that the Government is often reluctant to use loan or credit funds for foreign technical assistance.

Although IDA has not invested directly in the education sector in Tajikistan before, it has supported a small education component (carried out by Save the Children UK) in Vakhsh District through the PPAP. That component has recently been evaluated, and the main findings were that school committees can be successfully established, that communities can be mobilized to assist with the funding of local schools, and that a variety of approaches at the school level can be used to promote better school attendance by children. There is also an education component in the Post-Conflict Emergency Reconstruction Project, and that it is now supporting the rehabilitation of selected schools in the Karategin Valley.

Second, the lessons of other education projects suggest that the most successful reforms are the ones involving the community in the management and operation of the schools. Parents and communities need to participate in the decision making process at the school level. The teaching and learning process has also become more relevant, and teachers need to be given in-service training programs as well as incentives to perform well. Model schools have been used successfully in some reform programs as a basis for innovations in teacher training programs. However, the experience of countries in a similar situation to Tajikistan indicates that expectations for a large and immediate development impact through a single project cycle is probably unrealistic.

Third, a recent interim report to the Board suggests that adaptable lending (including through LILs) is fulfilling original expectations. The numbers of loans approved, the purposes for which the instruments are being used, and the cost and timeliness of responding to borrowers' requests for the loans are all on track with expectations. Feedback from borrowers and staff shows that the LIL approach does respond to perceived needs. Borrowers have indicated that the LIL is allowing them to build capacity and stakeholder consensus, as well as to develop prototypes for future application, in order to become prepared for a follow-on program. Seven borrowers specifically cited the need for an urgent response to development issues as a factor in choosing a LIL.

4. Indications of borrower commitment and ownership:

The Government is well aware of the deterioration of critical services and of the need to develop service systems that are sustainable in the new economic environment. The Government is also aware of the importance that the public places on these issues. For example, survey data indicate that improved education is the second highest priority of the population—exceeded only by the concern over security. The Government is prepared to move quickly to change the existing system. It is prepared to restructure the delivery mechanism for all major public services and the MOE has been working on strategy documents to reform the education sector. Some experimentation is already taking place through cooperation with donors and NGOs. Indications of commitment for this project have been expressed in clear statements by the Prime Minister, as well as by the Minister of Education who came to Washington DC personally and requested support from IDA.

5. Value added of IDA support in this project:

While there are several other agencies already active in the education sector, the extent of external support is quite limited so far. The Aga Khan Foundation program is small and limited to Gorno-Badakhshan, whereas UNICEF support has mainly been for the provision of textbook paper and materials. There is a limited capacity within the MOE to carry out reforms, and no other agency has indicated possible support in this area. It is likely that the ADB will be interested in working in the education sector in due course, but Tajikistan only joined the ADB in 1998, and there has not yet been time for the ADB to do any project design work. IDA has already been working on education budgetary issues in the context of the ongoing SAC. There are also important links between the proposed Education Reform Project and other ongoing or planned projects financed by IDA (such as the PPAP now under implementation and the Health Project now under design). More broadly, the World Bank has extensive knowledge and experience of the education sector of many other countries in the ECA region, and is, therefore, in a good position to provide access to comparative experiences.

E: Summary Project Analysis:

1. Economic:

Fiscal sustainability is a key consideration in the design of the project design. The current level of public expenditure on education is so low that even a modest increase in operating costs may not be sustainable beyond the life of the project. However, the planned investments in the project (such as the retraining of teachers and the strengthening of management systems) will have low recurrent cost implications, and there is already an ongoing dialogue with the Government to ensure that the basic education budget is protected and increased as much as possible. This is being done through ongoing agreements relating to the budget in the SAC. In particular, the local government education budgets in Leninsky and Dushanbe will be analyzed and monitored carefully throughout the project.

In addition, technical assistance will be provided to the MOE to review the budgeting process and to analyze possible measures to move the budget system away from the normative approach, and hence, to improve the efficiency of education spending, especially in the pilot rayons. This might be done, for example, through changes in pupil/teacher ratios, in the scope of work of teachers personnel/non-personnel expenditures, non-teaching staff/teaching staff ratios, and the use of boarding schools, etc. The plans for the rehabilitation for the 20 pilot schools will take into account possible ways to increase efficiency. The cost-effectiveness of different methods of teacher re-training will also be examined through the project.

2. Financial:

The project will explore in the 20 pilot schools possible new measures to involve communities and parents in the maintenance and financing of schools. The school rehabilitation plans will also include measures to develop a new school accounting system. Special attention will be given to possible school financing reform measures which could improve the allocation of education spending to the poor, and reduce the cost of education to the poorest population groups—for example, through a reduction in the cost of basic materials to students and to encourage poor students to attend school. Part of the evaluation plan for the project will include an assessment of cost recovery mechanisms, financial control policies and accountability systems.

To date, the financial management of the MOE appears to be weak, which is one of the reasons for establishing the PIU with staff with financial management skills. To provide further training to the PIU accountant, a foreign consultant is being recruited, using PHRD grant for two months immediately after

negotiations, who will provide hands-on-training to the newly recruited local accountant in setting up the accounting system for the PIU.

By effectiveness, an acceptable financial management system will have been in place. Disbursements will start using traditional disbursement methods—Statements of Expenditures (SOEs) reimbursements, direct payment, etc. After the PIU has gained experience with the financial management system and the reporting under project management reports (PMRs), and provided that an improved financial management system is reviewed and found satisfactory by IDA, the project may move to PMR-based disbursements.

Disbursements will be made against SOEs for contracts for: goods less than US\$50,000 equivalent; works less than US\$50,000 equivalent; and all operating expenditures. This documentation will be made available for the required audit as well as to the Bank supervision mission, and will be retained by the PIU for at least one year after receipt by the Bank of the audit report for the year in which the last disbursement was made. The processing, disbursement and monitoring of the allocations of the proceeds of the Credit and Borrower counterpart financing will be managed by PIU, in coordination and consultation with the MOF.

The existing financial management system is not adequate as per Annex 4-C of the LACI Implementation Handbook. As a result, an action plan was developed during the appraisal mission for strengthening the FMS to an acceptable level prior to project effectiveness (see Annex 8).

To facilitate timely project implementation, the Government will establish, maintain and operate, under terms and conditions satisfactory to IDA, a special account, denominated in US Dollars, as well as project account in local currency. The authorized allocation for the special account will initially be US\$250,000.

3. Technical:

The governments of many countries have initiated reforms aimed at enhancing both the quantity and quality of education. While the focus of these reforms has generally been on system-wide changes and innovations (e.g., curriculum reform, textbook development, the re-structuring of teacher education), attention in recent years has shifted from the system to the school level. This has led to a distinct trend towards focusing reform efforts at a level nearer to the “action”: the school itself. The development of school clusters, the greater involvement of the local community in school affairs (and vice versa), and the movement in many countries towards more decentralized, school-based management and innovation are manifestations of this global trend. Within this broad perspective, however, there are many technical questions to be resolved. These include: (i) the definition of appropriate “functional level” standards for facilities and equipment; (ii) the appropriate modalities for the production and distribution of textbooks, and particularly the operational mechanisms for textbook revolving funds; (iii) the appropriate standards for learning outcomes; (iv) the contents and methods for teacher retraining; and (v) the most cost-effective way to retrain teachers.

4. Institutional:

In order to improve its management through the delegation of responsibilities (with more self-government and more rights to local authorities and schools) and to develop policy capacity, the MOE is interested in strengthening its MIS, and develop managerial skills of its staff both at the central, local, and school level. This will first require assessing the role of the MOE and how responsibilities are divided between the MOE and other actors at the national level (e.g., Ministry of Finance), between the MOE and the local district level, and between the local district level and the schools. Secondly, it will require improvement of the quality and availability of data at all levels of the system, so that managers can monitor those parts of the system for which they are responsible, and develop policy action and action plans based on information that is accurate and timely. There are also some institutional issues relating to the appropriate technology needed for efficient and modern

management, and the level of capacity building in the MOE. The project will provide some important investment in this area, including to the MOE itself, the pilot rayons and the pilot schools (plus one teacher training center in each of the pilot rayons and the Teacher Retraining Center). However, it will be critical to assess the impact of the first phase of support and to gauge the need for further investments in a possible later stage of project assistance.

5. *Social:*

As part of the project preparation work, a social assessment has been carried out. The preliminary conclusions have been summarized earlier, with the findings based on discussions with principals and teachers, with local authorities, and with parents and students themselves. The social assessment throws important light on local attitudes and views, but there are many questions which will need to be considered further as the project is implemented. Some of these questions relate to teachers, and especially to: (i) the teaching of children (what are the obstacles to teaching children the way that teachers were trained to do; how are teachers taught to teach children and do they feel that they need to change the way they teach children); (ii) the appropriateness of the new teacher training methods for their job (what they see as challenges for the future), reasons for attendance or non-attendance of students, and the number of lessons taught (in theory and in practice); (iii) the internal management of schools (what are the physical or organizational or personnel constraints that allow or prevent teachers from teaching; the lack of textbooks or other teaching guides; the lack of school supplies; the timetables, structures of lessons and number of teaching shifts); and (iv) the time devoted by teachers to subsistence outside schooling, non-attendance due to survival and coping activities, and the extent and patterns of informal payments.

Other questions relate to the local authorities, and especially: (i) the constraints that they face for example due to norms or instructions from above or lack of budgetary discretion, the teacher recruitment/selection policies, support and interest from the MOE and other management; (ii) the salaries and working conditions of teachers (are salaries paid or not paid, the adequacy or inadequacy of salaries, remuneration from other sources); (iii) their view of the problems of schools, and changes that they will like to see made or to make themselves; (iv) the reasons for school non-attendance; (v) the expectations of the MOE; and (vi) how the local authorities will like to see parents involved.

Still other questions relate to the views of the parents, focusing on such issues as: (i) their attitudes towards schools, the scope for more parental involvement and in what ways can they be more involved; (ii) the reasons for sending children to schools (including fees, work, differences between girls and boys, school policies such as uniforms); (iii) their expectations from schools (what do they expect from schools, are they sending children to school for decent jobs, etc., if they are not sending them to schools why not—what are the constraints); (iv) desired changes (what do they expect children to receive from school—materials like textbooks, quality of teaching); (v) the needs of schools and teachers; (vi) how much independence should schools have from the local authority; and (vii) how best to help the poor and what parental contribution should be (what do they do at the moment, how do they see their role, what could they do in the future individually and as a community).

Finally, the views of students are also important, focusing on such issues as: (i) their attitudes towards teachers and variation among teachers; (ii) school conditions (heating, lighting, latrines and playgrounds); (iii) their reasons for non-attendance (themselves and other students); (iv) attitudes towards school meals; and (v) the most important changes needed to improve schools or learning. For all of these issues, it will also be important to monitor the impact or otherwise of the project investment.

6. Environmental assessment: Environmental Category A B C

The project environmental assessment rating is Category C. There are no major environmental issues in this project, although there is a need to address environmental issues connected with minor civil works (school refurbishment) included in the project, such as the need to ensure adequate water supply and sanitation for project schools.

7. Participatory approach:

The design of the project has been based on a participatory social assessment, which was carried out by a team of six national researchers working in conjunction with the MOE. Interviews were conducted with the MOE staff, officials in the selected rayons, school principals, teachers, students, drop-outs from school, parents, and other community members. The implementation of the project will emphasize the participation of parents and local communities in many ways: for example, in school financing, in encouraging mentality change by teachers, and in supporting active learning by students.

Parents and teachers will be central to the decision making processes at the school level. Parent-teacher associations (PTAs) including those of the ten need-based selected schools will further develop their existing plans into school development proposals (SDP). These SDPs will be the basis for the basic functional level refurbishment and operations of the schools. These individual 20 SDPs will be developed through an iterative process by PTAs and education officials. The SDPs developed by PTAs will be submitted to the education officials for discussion. They will then reach an agreement on the elements to be included for the final proposals to be submitted to the PIU. The community participation specialist consultants hired by the PIU will facilitate this process. Consultation meetings will be held at the school sites at a time when a maximum number of parents and teachers can participate. The purpose of these meetings will be: to explain the project to the PTAs, including the schedule for implementation and procurement procedures; and to explain how tendering for reconstruction will be done at the schools and by PTAs under the supervision of the PIU procurement specialist following World Bank guidelines (using the approach for procurement already adopted by the TASIF). During these meetings PTAs will elect representative members who will be responsible for operating the PTA fund and for coordinating activities between the PTA and the PIU. There will also be a PTA fund and the PTAs will decide on its usage. The PTAs will also decide on the type of contribution (minimum of ten percent of the total cost of refurbishment) which they will make for the refurbishment of the school.

Several efforts have also been made to involve key stakeholders, including donors, in the project design process. For example, in late 1998, there was a major meeting in Dushanbe of all external agencies involved in the education sector; a representative of the Aga Khan Network participated in the project preparation mission; and discussions were held in both Dushanbe and Almaty with UNICEF officials to discuss that organization's experience in the education sector in Tajikistan. During the appraisal of the project, there was a round-table discussion of interested donors and there will also be a project launch workshop in July 1999.

F: Sustainability and Risks

1. Sustainability:

As noted earlier, fiscal sustainability is a key consideration in the design of the project design. In principle, all education institutions are financed by the state budget. However, a combination of revenue shortfalls and the loss of the budgetary subsidy from Moscow resulted in substantially fewer resources devoted to the social sectors, including education, after independence. The share of educational expenditures in GDP and in the total

government budget were respectively about 2.1 percent and 13.9 percent in 1997. In addition, at least until recently, there has been a serious problem of problems of arrears in the education budget, partly due to the absence of a fully functioning treasury system. For example, at the beginning of 1998, the stock of government arrears was about 1.8 percent of GDP. Revenue collection is usually uncertain, budget revisions are common at the central and local levels, and spending plans are often approved only for a period of a few months. The sharp decline (until recently) in public spending on education contributed to a rapid deterioration in the quality of education and increased inequalities in education at all levels. Informal payments by parents have been increasing to cover a larger share of recurrent expenditures over the past several years, but these private payments are not reflected in the budget data.

According to the 1999 budget, the priority expenditure areas are wages, health, education and the social safety net. Moreover, the Government has committed itself to allocating at least 22 percent of the total budget to the education and health sectors in 1999. In 1998, the budgeted figure for the education sector was about 13.4 percent of the total, and the Government has indicated that it plans to increase the share of the education budget in the total government budget to 15 percent in 1999. The Government has also committed itself to clearing all arrears (especially of wages), and to ensuring that the budget shares for these social sectors are actually realized in practice.

Against the financial background depicted above, these are concerns that even a modest increase in operating costs may not be sustainable beyond the life of the project. In particular, funds will be needed for the following: (i) to maintain the refurbished schools and new equipment, and to ensure an appropriate inventory necessary for quality teaching; (ii) to continue with an adequate quality of teacher in-service training for teachers to change their mentalities and to introduce new teaching methods in their classrooms; and (iii) to continue support for the teacher training colleges and the Pedagogic Institute and Science Center. In total, these costs are not very large, and (as noted above) there is already an ongoing dialogue with the Government to ensure that the basic education budget is protected and increased as much as possible. This is being done through ongoing agreements relating to the budget in the SAC. An education economist has already been recruited to work with the MOE on these issues. In particular, the local government education budgets in Leninsky and Dushanbe will be analyzed and monitored carefully through the project. The project will explore in the 20 pilot schools possible new measures to involve communities and parents in the maintenance and financing of schools, and in the utilization of textbooks through the planned revolving fund. Based on the rather successful experience of the Save the Children UK program under the PPAP, it is felt that there is a reasonable chance that ways may be found through the project to improve the chance of sustaining project investments.

2. Critical Risks (reflecting assumptions in the fourth column of Annex 1):

Risk	Risk Rating	Risk Minimization Measure
From Outputs to Objective		
Civil war violations in the pilot areas	S	Involve all parties in the project
No sustainability of results	S	Build community support for system of revolving fund for textbooks and local-level school financing
Parents cannot afford to send their children to school	S	Provide school meals in some of the pilot schools
From Components to Outputs		
Teachers working other jobs and not present in classrooms	S	Involve teachers in the process
Teacher resistance to new teaching methods	M	Involve teachers in the process
Not enough trainers	S	Plan for the retraining of the teachers developed in conjunction with the training college
MOE and rayon officials lose interest in the project	M	Investment in institutional capacity; possible follow-up project; flow of information on project results to decision makers in the MOE and the rayons.
Overall Risk Rating	S	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

In Tajikistan, the most significant risk for project implementation and the sustainability of benefits is that security violations in the pilot areas could impede future actions necessary to implement the project development objectives. The peace situation in the country will be carefully monitored, and the project will seek to involve parties from all sides in the conflict, inform the public and build community support as much as possible. Another risk stems from the lack of experience by the MOE in project implementation and competitive procurement and this will be addressed through the provision of technical assistance and training for the PIU.

3. Possible Controversial Aspects:

Fees have already been introduced on an informal basis in primary and secondary education in the form of parental contribution to schools or payments for specific extra-courses. Although the state (both central and local) cannot by itself finance all of the costs of basic education at a good quality level during the present time of an extremely difficult economic environment, there is need for extreme caution concerning the potential equity effects of this policy on children, and particularly those coming from the poorest families. Although the reasons for non-attendance at school are not fully clear, there is at least anecdotal evidence that many poor families are not able to send their children (especially daughters) to primary school because of the increased direct and indirect costs of basic education. The project will be experimenting with ways to encourage more community participation in the financing of schools at the local level, but it will be critical for this to be monitored carefully and for any possible negative effects on equity to be addressed without delay. The Government and particularly the MOE are well aware of the importance of this.

There may also be controversy about the eligibility of local publishing and printing companies in Dushanbe to compete for tenders for the textbooks under the project. At the present time, none of the firms is privatized. The biggest, situated in the center of the city, has a director who is in favor of privatization. It is quite likely that the availability of project funding, coupled with the restriction that only private firms will be eligible to compete, might encourage the firm to privatize.

G: Main Credit Conditions

1. Effectiveness Conditions:

- (i) The MOE will have signed a project implementation agreement with Leninsky Rayon and Dushanbe City, indicating their respective roles and responsibilities under the project.
- (ii) The MOE will have established the PIU and staffed it with individuals of adequate experience and qualifications, including at least the project director and the procurement specialist.
- (iii) An adequate financial management system for the project is in place, which is consistent with agreed steps under the financial management action plan, including recruitment of an international financial management specialist.
- (iv) The MOE will have submitted a project implementation plan and will have prepared bidding documents for the rehabilitation of the first four pilot schools.
- (v) The MOE will have selected an international consultant to design the student assessment and evaluation plan.
- (vi) Auditors acceptable to the IDA will have been selected and appointed;
- (vii) The Government will have deposited the equivalent of \$50,000 in the project account as the Government's counterpart cash contribution for CY99.

Dated covenants:

- (i) The MOE will open and properly maintain a special account in a commercial bank, acceptable to IDA.
- (ii) The PIU will submit a six month work plan and budget for review (by June 30 and December 31 of each year).
- (iii) The PIU will prepare quarterly Project Management Reports (PMRs) which detail project financing needs and sources for the subsequent quarter of project implementation, and describe the financial situation of the project in terms of actual versus planned expenditures for each project activity;
- (iv) The PIU will ensure that the financial statement, special account and the SOEs are audited by an independent auditor acceptable to IDA, in accordance with auditing standards acceptable to IDA, and will submit an audit report within six months after the end of the audited fiscal year (not later than June 30 of each year).
- (v) The PIU will draft a mid-term review report by December 31, 2000, and will have carried out a mid-term review jointly with IDA by June 30, 2001.

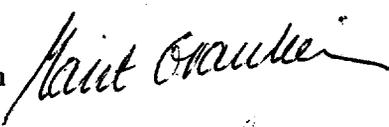
H: Readiness for Implementation

The proposed project is the first IDA-funded project in the education sector in Tajikistan. In October 1998, there was a preliminary mission to review the possibility of designing a LIL to support reforms in the sector; and there was a project preparation mission in December 1998. A Japanese (PHRD) grant for \$245,000 (executed by the MOE) was signed in January 1999, and since then, consultants have been assisting the Government in the following areas: social assessment, school mapping, management strengthening, economic analysis, teacher retraining and textbook development. In addition, a further amount of about \$100,000 has been provided by the Swiss Government through a trust fund agreement, and this money will be used to continue with the provision of external assistance in a variety of areas.

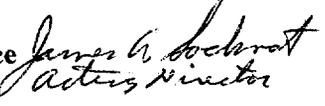
The project has been prepared according to an accelerated timetable, suitable for a LIL, and the MOE is now working hard to finalize project plan details and commence implementation. The Director of the PIU has been appointed after a competitive selection process. MOE is about to identify suitable office accommodation for the PIU, and the value of this will comprise half of the Government's counterpart contribution to the project

I: Compliance with IDA Policies

This project complies with all applicable Bank policies.

Team Leader: Marit Granheim 

Sector Leader: James Socknat 

Sector Manager/Director: J. Christopher Lovelace 
*James A. Socknat
acting director*

Country Manager/Director: Ishrat Husain 

Tajikistan: Education Reform Project (LIL)

Annex 1: Project Design Summary

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Sector-related CAS Goal:</p> <p>Enhancing critical social services (Performance of primary education improved)</p> <p><i>Follow-on operation:</i> New teaching methodologies applied nationwide in an institutional way</p>	<p>Sector Indicators:</p> <ul style="list-style-type: none"> Number of students completing primary education number of children attending primary school satisfactory levels of achievement in mathematics, civics and reading % of schools using more active teaching techniques "active learning " included in the new curriculum 	<p>Sector / Country Reports:</p> <ul style="list-style-type: none"> Annual statistics/report Annual statistics/report Reports on student achievement testing Survey /report Analysis of the new curriculum 	<p>(from Goal to Bank Mission) <i>(follow up to Goal)</i></p> <p>Successful conclusion of peace process</p> <p>Parents can afford to send their children to school</p>
<p>Project Development Objective:</p> <p>New teaching methodologies applied and pilot-tested in 20 schools</p> <p>Output from each component:</p> <p>A. Capacity building</p> <p>1. Training</p> <ul style="list-style-type: none"> Training for teacher trainers In-service training for teachers in pilot schools Management-training for school principals Parents meetings in pilot schools 	<p>Outcome / Impact Indicators:</p> <ul style="list-style-type: none"> % of lessons in the 20 pilot schools where teachers use "active learning " techniques % of better performance by students within pilot schools than the average student in other schools <p>Output Indicators:</p> <ul style="list-style-type: none"> 900 teachers trained in "active learning" methods by year 2001. % increase in the school resources due to parents contributions as to August -01 % of parents involved in maintaining pilot schools to a functional level – 02. Teacher training college identifies best practice for in-service training and has drafted a dissemination plan 	<p>Project Reports:</p> <p>Observation/survey/report</p> <p>Student achievement testing</p> <p>Project Reports:</p> <p>PIU reports</p> <p>Supervision mission reports</p> <p>PIU reports</p> <p>Teacher training college evaluation report</p>	<p>(from Objective to Goal)</p> <p>Successful conclusion of peace process</p> <p>Teachers get their salaries regularly</p> <p>New teaching methods accepted among majority of teachers</p> <p>Educational authorities maintain support to the introduction of the new teaching methodology</p> <p>A program for replicating the pilot is designed and implemented</p> <p>MOE has enough institutional capacity to implement national reform</p> <p>(from Outputs to Objective)</p> <p>Successful conclusion of peace process</p> <p>Positive attitude from teachers and managers and local administration</p> <p>Parents and students are supportive to the introduction of the new learning methods.</p> <p>Human resources available in a timely manner</p> <p>Teachers attend classes</p> <p>Students attend classes</p> <p>Successful conclusion of peace process</p>

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>2. Management training</p> <ul style="list-style-type: none"> • Ministry of Education • Rayon Ed. Administration • School Administration <p>Teacher training institutions</p>	<ul style="list-style-type: none"> • Clear roles and responsibilities at central and local level established nationwide and implemented in the pilot rayons and schools • Content of information disseminated from the MOE to the schools includes international experiences and updated evaluation of the impact of the new teaching methods • 5 MOE officials completed management training and use the new skills • 10 pilot rayon officials completed management training and use the new skills • Periodical meeting between MOE and pilot rayon institutionalized • 20 school principals completed management training and use the new skills • Periodical meeting between MOE and pilot rayon institutionalized 	<p>Supervision mission reports</p> <p>Supervision mission reports</p> <p>PIU reports</p> <p>PIU reports</p> <p>PIU reports</p> <p>PIU reports</p> <p>PIU reports</p>	<p>Defined functional standards are sufficient for the application of the new teaching methodologies</p> <p>Parents are interested in participating and have availability to do so</p> <p>Guidelines for procurement of public works are followed strictly by all involved players</p> <p>Timely disbursement of World Bank and client funds</p> <p>Selection of rayons included in the pilot not politically motivated</p>
<p>B. Improving educational assets/materials</p> <p>1. Refurbishment and equipment</p> <ul style="list-style-type: none"> • Pilot schools: Civil works and equipment • MOE: Equipment • Pilot rayon: Civil works and equipment • Teacher training/ retraining institutions: Civil works and equipment <p>2. Textbooks</p> <ul style="list-style-type: none"> • Printing of 18 titles 	<ul style="list-style-type: none"> • Number of schools upgraded to functional standards • MOE equipped • Pilot rayon offices refurbished and equipped • Centers for pilot teacher training refurbished and equipped • 18 titles of textbooks distributed to all primary school students in all pilot schools by-00 • % of students nationwide who have received textbooks • A transparent system of writing, publishing, printing and distribution of textbooks – with participation of private sector is established. 	<p>PIU reports</p> <p>Supervision mission</p> <p>Supervision mission</p> <p>Supervision mission</p> <p>PIU reports</p> <p>Supervision mission Survey</p> <p>Review</p> <p>PIU reports</p> <p>Supervision mission</p>	
<p>C. Project Management</p> <ul style="list-style-type: none"> • Setting up efficient project management • Monitoring and evaluation 			

Hierarchy of Objectives	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Project Components/Sub-components:	Inputs: (budget for each component)	Project Reports:	(from Components to Outputs)
<p>A. Capacity building</p> <p>1. Training</p> <ul style="list-style-type: none"> • Training for teacher trainers 0.15 • In-service training teachers in pilot schools 0.11 • Parents meetings in pilot schools 0.03 <p>2. Management training 0.22</p> <ul style="list-style-type: none"> • Ministry of Education • Rayon Ed. Administration • School Administration • Teacher training institutions <p>B. Improving educational assets/materials</p> <p>1. Refurbishment and equipment</p> <ul style="list-style-type: none"> • Pilot schools: Civil works and equipment 2.09 • MOE: Equipment 0.02 • Pilot rayon: Civil works and equipment 0.08 • Teacher training centers/ Teacher retraining institute: Civil works and equipment 0.17 <p>2. Textbooks</p> <ul style="list-style-type: none"> • Textbook policy and publishing 0.08 • Setup revolving textbook fund 0.08 • Printing of 24 titles 1.65 • Textbook Distribution 0.05 <p>C. Project Management</p> <ul style="list-style-type: none"> • Setting up efficient project management 0.78 • Monitoring and evaluation 0.09 • Audit 0.05 			

Tajikistan: Education Reform Project (LIL)

Annex 2: Project Description

By Component:

1. Capacity Building: US\$0.52 million

A. **Training of teacher trainers:** Includes training of 20 selected teachers as teacher trainers, using overseas trainers, via a 3x5 days training course. The course will have four main elements linked to action planning and work-based learning:

- personal development in independent learning
- teaching and learning methods
- planning school improvement
- team and training development

B. **In-service training for teachers in pilot schools:** The trainers will work with the teachers in the pilot schools on two pilot models:

1. Ten schools opt into a school-based training strategy in which 2x6 training days are provided in-school, delivering personal development in independent learning, teaching and learning methods and planning of school improvement; with training days linked to classroom and school action plans.
2. Ten schools opt into a 2x6-day center-based course (with the benefits of interschool dialogue but with much less time devoted to the problems of each school), delivering personal development in independent learning, teaching and learning methods and planning of school improvement; with training days linked to classroom and school action plans.

C. **Management strengthening:** The proposed strategy includes the establishment of three management support centers: one in the Ministry of Education and one in each of the two pilot rayons. In these centers, international specialists will provide hands-on training to education managers, using their own experiences and data from their jurisdiction. Such a strategy will empower local education authorities and contribute to decentralization of the education system. The tentative content of the management training will be:

General Management Competence

- Management responsibilities
- The effects of various management styles applied in specific organizational cultures
- Setting and implementing objectives
- Decision making
- Management Information systems
- Budgeting and finance
- Recruiting and deployment of human resources
- Development and implementation of incentive systems

Core competence fields in education - the management perspective

- School laws and regulations
- Curriculum

- Control and assessment of teacher and student performance and feedback
- Organizing the school year, the schedules and the allocation of classrooms
- Cooperation with parents and community, fund raising
- Management of student flows
- Developing, implementing and using a Management Information system in education
- Procurement, delivery and revolving of materials and equipment

The training will be organized as two similar 16-day courses over a period of 6 months. The target group for the training will be 20 pilot school principals, 10 school administrators from 2 pilot rayons, 5 managers from the Ministry of Education, 4 teacher trainers and 2 participants from Project Working group. During the course, the participants will work in groups across functional levels as well as in peer groups.

D. Parents meetings in pilot schools: Parents in each pilot school will be invited to meetings to take responsibility for part of the funding, exerting influence on the governing and maintenance of the school.

2. Improving Education Assets: US\$4.1 million

A. Pilot Schools: Refurbishment and Equipment

Twenty selected pilot schools will be rehabilitated to functional levels by the beginning of the school year 2000. This includes:

- Watertight roofs
- Insulation
- Watertight and unbroken windows
- Functioning heating and lighting
- Functioning and hygienic water/sewerage
- Functioning and hygienic toilets
- Maintained and painted floors and walls
- Outdoor projects: Maintained playgrounds and fences
- Modern furniture which will allow rearrangement in the classrooms for interactive teaching, small work groups and creative problem solving.
- Basic general educational equipment as blackboards, chalks, textbooks, stationary
- Basic educational equipment for special subjects.

B. Pilot Rayon Offices (management support centers): Refurbishment and Equipment: Rayon education offices of Dushanbe and Leninsky rayons will be upgraded to a basic functional standard and will receive necessary computers and other basic office equipment.

C. MOE (management support center): Equipment: The MOE will receive necessary computers and other basic office equipment.

D. Pilot Teacher Training Centers/Retraining Institute: Refurbishment and Equipment: Two centers in two teacher training /retraining institutes will be upgraded to a basic functional standard and will receive computers and other basic office and training equipment.

E. Textbooks: Print and distribute textbooks to all students in grades 1–4 the 20 pilot schools. Set up Revolving Textbook Fund and implement it in the 20 pilot schools. The scheme is to rent out sets of textbooks to students for one school year and charge them about one third of the cost. The money collected will go into a special fund that will purchase of further copies of textbooks. Each parent who

paid the rental sum will receive a receipt which will give the child right to borrow textbooks in another school, if the child changed schools. Poor and socially unprotected children will be able to borrow sets of textbooks free of charge. The cost of the “free rentals” will be met either by the MOE or by the local authority (hukumat), if it agreed. The cost will not be added to the rental sum of paying parents as it is critical to keep the rental amount as low as possible.

In addition to the textbooks for the pilot schools, there will also be support for the publishing and printing of an agreed list of about 18 mainly primary textbooks for other schools elsewhere in the country.

3. Project Management and Monitoring and Evaluation: US\$.92 million

Project management. Overall management and coordination of project activities will be provided by this component, including salaries, equipment and study tours, project procurement, maintaining project accounts, carrying out monitoring and evaluation of project progress, preparing disbursement applications, arranging timely project audits as well as preparing timely reports on project implementation.

Monitoring and evaluation. Monitoring and evaluation is a crucial part of the proposed project because of its learning and innovation aspects. For this reason, the project will support not only the development of a set key indicators to monitor on-going performance of the project (Annex 1) but also several studies to evaluate the effectiveness of several innovative elements. The project will also finance several key evaluation studies about the performance progress and effectiveness of the project:

- the effect of different methods of teacher training on teacher performance in the classrooms
- the effect of different teaching methods on student performance
- education cost and finance study
- social assessment in the pilot rayons about the effectiveness of the project
- textbook writing, publishing and distribution study

These studies will provide insights about the effectiveness of the project as a whole, help identify successful elements of the project for wider replication in a future project in the sector, and prepare follow-up operations in the sector.

There will be a detailed mid-term review in the middle of year two of the project implementation to assess the overall performance of the project. The review will include the following :

- the status of pilot school physical functionality
- the use of new teaching methods in pilot school
- the availability and use of textbooks in pilot school
- the status of MIS in schools/pilot rayons/MOE
- the status of parents/community participation in pilot schools
- the status of primary education textbook distribution in the country

Tajikistan: Education Reform Project (LIL)

Annex 3: Estimated Project Costs

Project Cost by Component	Local	Foreign US \$ 000	Total
1. Capacity Building	209.8	263.0	472.8
2. Improving Educational Assets	3,103.3	590.0	3693.3
3. Project Management	665.1	200.0	865.1
Total Baseline Cost	3,978.2	1,053.0	5,031.21
Physical Contingencies	170.2	51.4	221.6
Price Contingencies	196.2	52.7	248.9
Total Project Costs	4344.7	1,557.1	5,501.7

Project Cost by Category	Local	Foreign US \$ 000	Total
Civil Works	1363.6	429.4	1793.0
Goods	2191.4	100.1	2291.5
Consulting Services/Training	346.6	580.1	926.7
Incremental Operating Costs	443.1	47.4	490.5

Tajikistan: Education Reform Project (LIL)

Annex 4: Procurement and Disbursement Arrangements

Procurement Arrangements

This section describes the procurement arrangements under the Education Reform Project.

The procurement of goods and services of the IDA financed components will be procured in accordance with the Bank's procurement guidelines. The project elements, their estimated cost and procurement methods, are summarized in Table A. Other procurement information, including capability of the implementing agency, estimated dates for publication of GPN and the Bank's review process is presented in Tables C.

1. Goods.

Goods (approximately US\$2.29 million) consisting of textbooks, computers hardware/software, office equipment school furniture/supplies and materials will be grouped to the extent possible and considering project objectives, in package sizes that will encourage competitive bidding. The following methods of procurement will be followed:

- (i) **International Competitive Bidding (ICB)** procedures will be used for contracts above US\$100,000 equivalent for a total amount of US\$1.65 million for the procurement of textbooks.
- (ii) **International Shopping (IS)**. These procedures will be used for the purchase of vehicles, computers, office equipment, supplies and materials for training centers and regional administration offices for contracts with an estimated cost of US\$100,000, for an aggregate of US\$480,000.
- (iii) **National Shopping (NS)**. These procedures will be used for contracts up to US\$30,000 equivalent for an aggregate of US\$110,000, for the purchase of, furniture and equipment for schools.

2. Civil Works

National Competitive Bidding (NCB) procedures will be used for rehabilitation works (schools) estimated to cost less than \$150,000 per contract, up to an aggregate amount not to exceed US\$1.61 million. Bank's Regional SBDs and Evaluation forms will be used.

3. Selection Procedures for Consulting Services

Contracts for Consulting Services required for the Project will be awarded following the World Bank Guidelines "Selection and Employment of Consultants by World Bank Borrowers" dated January 1997, revised in September 1997 and January 1999. Contracts will be packaged to include a combination of related skills and services, in order to make them attractive and increase competition as well as to reduce the number of contracts to be managed by the PIU. The following methods of procurement will be followed:

- (i) **Individual Consultant** will be hired in accordance with Section V of the Guidelines. Individual consultants will be used throughout the life of the project for small assignments of short term duration such as training, surveys, monitoring and evaluation for an aggregate amount of US\$880,000 selected through advertisement and on the basis of expressions of interest.

- (ii) **Least Cost Selection** procedures will be used for auditing services contracts less than or equal to the amount of US\$0.05 million for three years.
- (iii) **Incremental Operating Cost:** PIU salaries, office supplies and operational expenses of the PIU funded on a declining basis and on the basis of annual approved budget - aggregate amount \$0.17 million

4. Notification of Business Opportunities

A General Procurement Notice (GPN) will be published in the "Development Business" around the period of Loan Negotiations and will be updated. For NCB contracts invitation for bids will be advertised in the national gazette and in a major local news paper (in the national language).

5. Review by the Bank of Procurement Decisions

Scheduling of Procurement. Prior to the issuance of any invitation for bidding, the proposed procurement plan (Table B) for the project will be reviewed by the PIU, and the Bank will be advised of any revisions for its review in accordance with the provisions of paragraph 1 of Annex 1 of the Procurement Guidelines. Procurement of goods and services for the project will be carried out in accordance with the agreed procurement plan which will be modified as appropriate and included in the progress reports subject to Bank review.

Prior review

- (a) Goods: Prior review of bidding documents, including review of evaluation, recommendation of award and contract will be conducted for all ICB procedures; and the first two contracts for each of the National and International Shopping contracts regardless of their value.
- (b) Civil Works: The first two NCB contracts regardless of value, and all contracts with value above \$100,000.
- (c) Consulting Services: Terms of reference for all consulting assignments will be subject to prior Bank review. Request for Proposals (RFP), short lists, terms and condition of contracts as well as evaluation reports and recommendation for award will be prior reviewed by the Bank for contracts for individual consultants above \$20,000 and firms above \$50,000. All documents and recommendations involving sole source contracting will be subject to Bank prior review.

After award of contract, should any material modifications or waiver of terms and conditions of a contract resulting in an increase above 15% of the original amount, the Bank will reserve the right to prior review of such modifications (including modifications to contracts for consulting services).

6. Custom Duties and Taxes: All goods specifically imported for the project will be exempt from custom duties and taxes. Foreign technical assistance specialists will be exempt from the Government's normal personal income tax. Assurances to this effect will be obtained during Negotiations.

Annex 4, Table A: Project Costs by Procurement Arrangements
(in US\$ million equivalent)

Expenditure Category	Procurement Method			Total Cost (including contingencies)
	ICB	NCB	Other	
1. Works		1.79 (1.61)		1.79 (1.61)
2. Goods	1.65 (1.65)		0.64 (0.64)	2.29 (2.29)
3. Consulting Services & Training			0.93 (0.93)	0.93 (0.93)
4. Incremental Operating Costs			0.49 (0.17)	0.49 (0.17)
Total	1.65 (1.65)	1.79 (1.61)	2.06 (1.74)	5.50 (5.00)

Figures in parenthesis are the amounts to be financed by the IDA credit.

IDA International Development Association
 ICB: International Competitive bidding US\$1.6(5 million)
 NCB: National competitive Bidding (US\$1.79 million)
 IS: International shopping (US\$0.48 million)
 NS: National shopping (US\$0.11 million)
 IC: Individual Consultants (US\$0.88 million)
 LC: Least Cost Selection: US\$0.05 million

Annex 4, Table B: Procurement Plan
(US\$ million equivalent)

Description	Type	Number of packages	Estimated Cost	Procurement method	Date of GPN	Invitation to bid	Submission of bids	Signing Contract	Contract Completion
A. WORKS	CW	25	1.61	NCB		7/30/99 1 st package and one/week there after 2/28/2000	9/30/99 - 3/30/2000	11/15/99 -4/15/2000	3/15/2000 -7/30/2000
B. GOODS									
Textbooks	G	1	1.65	ICB	5/30/99	9/1/99	11/1/99	3/1/2000	7/1\2000-7/1/2000
Instructional Material	G	2	0.05	NS		9/1/99	9/1/99	10/30/99	7/30/2000
Office comp/equip./ vehicles	G	4	0.48	IS		8/15/99	9/30/99	10/30/99	12/15/99-7/1/2000
Office furniture	G		0.11	NS		8/15/99	9/30/99	10/30/99	12/15/99
C. Services									
Monitoring, evaluation, & management training	TA	4	0.28	IC	5/30/99	7/15/99	9/10/99	1/1/00-7/1/01	7/30/2002
Local Seminars & workshops	TR	8	0.23	IC	--	7/15/99	11/15/99	12/30/99	6/30/00-6/30/02
Teacher Trainers Training	TR	20 pilot Schools	0.23	IC	--	7/15/99	11/15/99	12/30/99	6/30/00-6/30/02
Study Tour	TR	47	0.14	IC	--	7/15/99	2/28/2000	4/15/2000	12/30/2002
Audits	C	1	0.05	LC		7/31/99	9/15/99	1/1/00-7/1/01	7/30/2002
OPERATING COST	Other		0.17						
Total			5.00						

G= Goods; TA =Technical Assistance; TR =Training; ICB =International Competitive Bidding; IS = International Shopping; NS =National Shopping; ; IC =Individual Consultant, LC = Least Cost
Other = for operating cost on the basis of annual budget.

Annex 4, Table C: Summary of Procurement Activities

Section I: Procurement Review								
	ICB	NCB	IS	NS	Minor Works	Other Methods	Percentage of loan amount subject to prior review	
Works procurement thresholds Individual and aggregates	Above \$150,000	Below \$150,000 Aggregate: \$1.65 million						
Goods Procurement thresholds: Individual and aggregate	Above \$100,000 Aggregate: \$1.65 million		Below \$100,000 Aggregate \$0.48 million	Below \$30,000 Aggregate \$0.11 million			85%	
Prior Review	All Packages	Above \$100,000 & first two contracts	First 2 Contracts	First 2 Contracts				
Consultants³	QBCS (firms)	QBs	Fixed Budget (firms)	Least Cost	Consultant Qualifications	Single- Source	Individual Consultants	
Prior Review				Aggregate \$0.05 million			Aggregate: \$0.88 million	
Ex-post Review	Ex-post review mechanism: Review carried out in accordance with Para.4 of Appendix 1 of the Bank's Guidelines and reviews during supervision missions.							TOR and qualifications for all assignment Contracts above 20,000

Annex 4, Table C: Summary of Procurement Activities
(Continued)

Section 2: Capacity of the Implementing Agency in Procurement and Technical Assistance requirements				
Brief statement				
Overall responsibility for Project management and coordination will rest with the Project Implementation Unit (PIU) established in the Ministry of Education of The republic of Tajikistan. The PIU will be supported by Technical Assistance consisting of: Procurement Specialist , Financial Management and/Information Systems Specialists. The PIU has already acquired some experience in managing and administering the consultant contracts for project preparation financed by the PHRD grant. The RFP for the technical assistance to the PIU is in the process of preparation and a Request for Expression of Interest for that assignment will appear in the May 30 issue of Development Business.				
Country Procurement Assessment Report or Country Procurement Strategy Paper status	Are the bidding documents for the procurement actions for the first year ready by negotiations			
A CPAR for the Republic of Tajikistan has not been completed. For this Project, the Government will follow the agreed Bank procurement procedures as described in this document and in the Development Credit Agreement.	Yes No <input type="checkbox"/> x RFPs and bidding documents for the first year of project implementation are being prepared and will be ready by credit effectiveness.			
Section 3: Training, Information and Development on Procurement				
Estimated date of Project Launch Workshop	Estimated date of publication of General Procurement Notice	Indicate if there is procurement subject to mandatory SPN in Development Business	Domestic Preference for Goods	Domestic Preference for Works, if applicable
8/99 (date will be determined based on the Board Date)	5/31/99	Yes No X	Yes x No	Yes <input type="checkbox"/> No X
Retroactive financing			Advance procurement	
Yes <input type="checkbox"/> Explain: _____			Yes No X	
Explain briefly the Procurement Monitoring System: All procurement related documentation that requires Bank's prior review will be cleared by Procurement Accredited Staff (PAS) and relevant technical staff. No packages above mandatory review thresholds by RPA are anticipated. The PIU of the Borrower will maintain complete procurement files which will be reviewed by Bank's supervision missions. The Procurement Plan will be updated annually. Procurement information will be recorded by the PIU and submitted to the Bank as part of the quarterly and annual progress reports. This information will include: revised cost estimates for the different contracts; revised timing of procurement actions, including advertising, bidding, contract award, and completion time for individual contracts; as well as compliance with aggregate limits (within 15%) on specific methods of procurement. A Management Information System (MIS), with a procurement module will help the PIU monitor all procurement information.				
Section 4: Procurement Staffing				
Indicate name of Procurement Staff or Bank's staff part of Task Team responsible for the procurement in the Project: Tajikistan: Learning and Innovation Education Project Name: Seyoum Solomon Ext: 3-2393				
Explain briefly the expected role of the Field Office in Procurement : There is no procurement capacity at the Resident Mission in Dushanbe. The PIU will have to rely on expatriate technical assistance support as provided in the project plan.				

Disbursement

The proceeds of the credit will be disbursed in accordance with the guidelines in the "*Disbursement Handbook*". The credit will be disbursed over a period of three years. The project completion date will be July 31, 2002 with a credit closing date of December 31, 2002. The disbursement categories and amounts and percentages to be financed under each category are presented in Table D.

1. *Use of statements of expenses (SOEs):* Supporting documentation will be retained for review by periodic Bank supervision and external auditors. All of training and incremental operating costs would be handled through SOE. Some of the proceeds of the loan are expected to be disbursed on the basis of Statement of Expenditures (SOEs) as follows: (a) civil works costing less than US\$100,000 equivalent each contract; (b) goods costing less than US\$100,000 equivalent each contract; (c) services for contracts for (i) individuals, costing less than US\$20,000 equivalent each; (ii) firms costing less than US\$50,000 equivalent each; (d) training; and (e) incremental operating costs. Disbursing against civil works, goods and services exceeding the above limits will be made against full documentation and respective procurement guidelines. SOE's will be certified locally by the PIU. Related documentation in support of SOEs will not be submitted to the Bank, but will be retained by the PIU for at least one year, after receipt by the Bank of the audit report for the year in which the last disbursement is made. This documentation will be made available for review by the auditors and Bank supervision missions. If ineligible expenditures, including those not justified by the evidence furnished, or amounts in excess of agreed disbursement percentages are financed from the Special Accounts (SA), the Bank will have the right to withhold further deposits in the SA. The Bank may exercise this right until the borrower has: (a) refunded the amounts involved, or (b) (if the Bank agrees) submitted evidence of other eligible expenditures that the Bank can use to offset the ineligible amounts.
2. *Special account:* To facilitate timely project implementation, the Borrower will establish, maintain and operate, under conditions acceptable to the IDA, a Special Account in US dollars in a commercial bank acceptable to IDA or the Central Bank. The selection process and criteria for selection of the bank will follow IDA standard selection procedures. The authorized allocation is US\$250,000 which may be withdrawn from the Credit Account by submitting the relevant Application of Withdrawal. Replenishment applications should be submitted at least every three months, and must include reconciled bank statements as well as other appropriate supporting documents.
3. *Direct payment:* This method may be used to facilitate payments to international consultants. Direct deposits to foreign bank accounts can be requested by submitting the appropriate withdrawal application supported by a contract copy and original invoices.

Annex 4, Table D: Allocation of Loan Proceeds

Expenditure Category	Amount in US\$ million	Financing Percentage
1. Civil Works	1.47	90% of expenditures
2. Consulting Services & Training	0.86	100%
3. Goods	2.08	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of local expenditures for other items procured locally
4. Incremental Operating Cost	0.11	
5. Unallocated	0.48	
Total IDA Credit	5.00	

Tajikistan: Education Reform Project (LIL)

Annex 5: Project Processing Budget and Schedule

A. Project Budget (US\$000)	<u>Planned</u> (At final PCD stage)	<u>Actual</u>
	193,900	251,500
B. Project Schedule	<u>Planned</u>	<u>Actual</u>
Time taken to prepare the project (months)		
First Bank mission (identification)	09/27/1998	09/27/1998
Appraisal/Negotiations mission departure	03/26/1999	03/26/1999
Planned Date of Effectiveness	07/15/1999	

Prepared by: Ministry of Education

Preparation assistance: PHRD Grant (US\$245,000) and Swiss Trust Fund (\$100,000)

Bank staff who worked on the project included:

<u>Name</u>	<u>Specialty</u>
Michael Mills	Program Team Leader
Marit Granheim	Task Team Leader
Halil Dundar	Education Economist
Dominic Haazen	Financial Management Specialist
Maniza Naqvi	Operations Officer
Seyoum Solomon	Procurement Specialist
Taies Nezam	Social Assessment Specialist
Maria Gracheva	Operations Officer
Carmen Laurente	Team Assistant
Ahmed Mohammed Jehani	Sr. Counsel
Hannah Koilpillai	Disbursement Officer
James Socknat	Sector Leader
Christopher Lovelace	Sector Director
Bruno Laporte	Sector Knowledge Manager
Eluned Roberts Schweitzer	Education Specialist
Madalena Dos Santos	Education Specialist

Tajikistan: Education Reform Project (LIL)

Annex 6: Documents in the Project File*

1. Project Concept Document*

2. **Reports:***

- School Mapping/Rehabilitation, Management Strengthening and Monitoring Evaluation (M. Enache)
- Teacher Retraining (I. Smith)
- Textbook Component Strategy (C. Denning and A. Bullock)
- Social Assessment (T. Nezam)
- Economic Analyses of Pilot Schools and Rayons (A. Drost)
- Draft Sector Note (H. Dundar)

*Including electronic files.

Annex 7

Status of Bank Group Operations in Tajikistan

Operations Portfolio

Project ID	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements ^{a/}		Last PSR Supervision Rating ^{b/}	
				IBRD	IDA	Cancel	Undisb.	Orig	Frm Rev'd	Dev Obj	Imp Prog
Number of Closed Projects: 2											
<u>Active Projects</u>											
TJ-PE-43231	1996	REPUBLIC OF TAJIKISTAN	INST. BLDG./TA	0.00	5.00	0.00	.64	-.39	0.00	S	S
TJ-PE-44202	1997	REPUBLIC OF TAJIKISTAN	PILOT POVERTY ALLEVIATION	0.00	12.00	0.00	4.98	-.20	0.00	S	S
TJ-PE-53386	1998	REPUBLIC OF TAJIKISTAN	P-C RECONSTRUCTION	0.00	10.00	0.00	6.41	3.32	0.00	S	S
TJ-PE-59055	1999	REPUBLIC OF TAJIKISTAN	EMERGENCY FLOOD ASST	0.00	5.00	0.00	5.06	.64	0.00	S	S
TJ-PE-47438	1999	REPUBLIC OF TAJIKISTAN	SAC I	0.00	50.00	0.00	30.20	30.01	0.00	S	U
Total				0.00	82.00	0.00	47.29	33.38	0.00		

	<u>Active Projects</u>	<u>Closed Projects</u>	<u>Total</u>
Total Disbursed (IBRD and IDA):	34.29	59.13	93.42
of which has been repaid:	0.00	0.00	0.00
Total now held by IBRD and IDA:	82.00	60.00	142.00
Amount sold:	0.00	0.00	0.00
Of which repaid:	0.00	0.00	0.00
Total Undisbursed:	47.29	0.00	47.29

- a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
- b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:

Disbursement data is updated at the end of the first week of the month.

Annex 7a
Tajikistan
STATEMENT OF IFC's
Committed and Disbursed Portfolio
 As of January 31, 1999
 (In US\$ Millions)

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1997/98	Zeravshan Gold	2.50	1.20	7.27	0.00	2.50	1.20	7.27	0.00
1998	Nelson Gold	0.00	3.00	0.00	0.00	0.00	2.00	0.00	0.00
	Total Portfolio:	2.50	4.20	7.27	0.00	2.50	3.20	7.27	0.00
		Approvals Pending Commitment							
		<u>Loan</u>	<u>Equit</u>	<u>Quasi</u>	<u>Partic</u>				
1997	NELSON GOLD	0.00	2.05	0.00	0.00				
	Total Pending Commitment:	0.00	2.05	0.00	0.00				

Tajikistan: Education Reform Project (LIL)

Annex 8: Financial Management

General:

A review of Financial Management System was undertaken to: (a) review the presence of the necessary elements for sound project financial management system such as internal controls, project accounting, project staffing and audit arrangements; (b) assess the project's capacity and readiness for the implementation of LACI; and (c) prepare a time-bound action plan for strengthening the financial management system to achieve Project Management Reports (PMR) that will assist the implementing agency to move towards LACI.

Project Management and Coordination and Staffing:

The Project Implementation Unit (PIU) will be directly responsible for financial management during project life. The MOE (through its Project Working Group) has to date been responsible for managing the PHRD grant of US\$245,000, and will transfer this responsibility to the PIU staff.

The PIU is recruiting a full time Chief Financial Officer who will be provided with proper training before the project becomes effective, by a foreign consultant under PHRD grant and with TORs satisfactory to the Bank. The CFO will be responsible for financial management and control under the PHRD and the project itself and will report to the PIU Director. Technical assistance will be made available to the PIU in project and financial management during the first year of project implementation. This will include training workshops for the PIU and project coordination staff at the local level. In addition, the MOE and project team will attempt to mobilize additional grant funding from other sources to provide either ongoing or short-term accounting and financial management expertise within the PIU. To ensure the appropriate segregation of duties, at least one other financial officer should be hired (possibly part time at this PIU, depending on workload), and one other staff member already being proposed (e.g., Director's secretary) should be trained in payroll and other clerical financial functions.

The overall budget for the PIU will be \$0.43 million, of which the equipment budget will be around \$20,000, in addition to the \$20,000 that has been allocated under the PHRD grant. These allocations cover the entire period of project implementation. The PIU is to receive three computers and other basic office equipment (printer, fax, copier) out of PHRD funds, in addition to the equipment under the credit.

Accounting:

A project financial and accounting program will be developed prior to effectiveness, with support from a contracted financial management expert, who is currently providing assistance to various PIUs in Tajikistan. Given the project size and the needs for project oversight and preparation of project documentation such as PMRs, this will be kept as simple as possible. The system to be designed should have, *inter alia*, an accounting and internal control system with the capacity to record and retrieve in a timely manner, all financial transactions under the project. The system will: (a) reliably record and report all assets, liabilities, and financial transactions of the project; and (b) provide reliable financial information for managing and monitoring project activities. The accounting system will be classified by component; it will reflect the sources of funds, and will be broken down into different types of expenditures for the project. Furthermore, it will provide information on the receipt and use of funds and will be able to produce financial reports comparing budget with actual expenditures at any given time. The system will be capable of providing financial data to measure performance when linked to the outputs of the project.

Financial Reporting:

By effectiveness, an acceptable financial management system will have been in place. Disbursements will start using traditional disbursements methods—SOEs reimbursements, direct payments, etc. After the PIU has gained experience with the financial management system and reporting under project management reports (PMRs), and provided that an improved financial management system is reviewed and found satisfactory by the Bank, the project will move to PMR-based disbursements. The PIU will maintain accounts for the Project and will be responsible for preparing Project Management Reports (PMR – see Annex 9 of the Project Financial Management Manual) on a quarterly basis, and furnish to the Bank not later than 45 days after the end of each calendar quarter, a PMR for such period, which:

1. (i) sets forth actual sources and application of funds for the project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the project for the six-month period following the period covered by said report and (ii) shows separately expenditures financed out of the proceeds of the credit during the period covered by said report and expenditures proposed to be financed out of the proceeds of the credit during the six-month period following the period covered by said report;
2. (i) describes physical progress in project implementation, both cumulatively and for the period covered by said report, and (ii) explains variances between the actual and previously forecast implementation targets; and
3. sets forth the status of procurement under the project and expenditures under contracts financed out of the proceeds of the credit, as at the end of the period covered by said report.

Project Operations Manual (POM):

Given the rapid preparation timetable of a LIL, the Project Operations Manual (POM) will be prepared before effectiveness, and will include: (a) the financial management system proposed under the project, with special emphasis on accounting and auditing policies, standards and internal controls; (b) the role of the financial management systems in project management and implementation; (c) the accounting arrangements required for project management, the format for and content of project financial reporting; and (d) the auditing arrangements that will be used during project implementation.

Auditing:

The PIU will be responsible for ensuring that the financial statement, Special Account, and SOEs are audited by an independent auditor, acceptable to the Bank, in accordance with standards on auditing that are acceptable to the Bank. The annual audit will be carried out in accordance with the *Guidelines for Financial Reporting and Auditing of Projects Financed by the World Bank (March 1982)*. The audit report shall be in a format in accordance with the International Standards on Auditing promulgated by the International Federation of Accountants (IFAC). The audit report will include a separate opinion for SOEs against which disbursements have been made or are due to be made from the Credit and SOEs which will be included in the audit report accompanying the financial statements.

The audited financial statements of the special accounts, and SOEs of the preceding fiscal year, including a separate opinion by the auditor on disbursements made against certified statement of expenditures, will be sent to the Bank within six months of the end of the fiscal year.

The audit of the financial statement will include: (a) an assessment of the adequacy of accounting and internal control systems to monitor expenditures and other financial transactions and ensure safe custody of project-financed assets; (b) a determination as to whether the project implementing entities have maintained adequate documentation

on all relevant transactions; and (c) verification that expenditures submitted to the Bank are eligible for financing, and identification of any ineligible expenditures.

The estimated overall budget for auditing under the project will be around \$45,000, which appears to be reasonable, given the size of the project, and the lack of existing in-country auditing capacity. Auditing services will be procured on a least-cost basis, and packaged as a recurring audit, with no requirement for a new engagement letter, except in the special circumstances.

Bank FMS staffing and supervision:

The project was reviewed in detail by Bank FMS during appraisal in April 1999. It is recommended by the FMS that the country environment and implementing agency capacity suggested that the project not use on PMR-based disbursement, at least initially. An international financial specialist, who has been working with several other PIU's in Tajikistan, has been engaged for this project to assist with project preparation and develop an FM action plan. The FM procedures and assessment of the financial staff will be included in the PIM. During project life, an FMS will take part in supervision missions to monitor the FM of the PIU and ensure compliance with ongoing FM covenants.

Special Account:

To facilitate timely project implementation, the Government will establish, maintain and operate, under terms and conditions acceptable to the Bank, a Special Account, denominated in US Dollars. The minimum amount of the application should be 20 percent of the authorized allocation. The replenishment applications should be submitted at least every three months, and must include reconciled bank statements as well as other appropriate supporting documents.

The Government will be responsible for the appropriate accounting of the funds provided by the IDA under the Credit, for reporting on the use of these funds, and for ensuring that audits of the financial statements or reports are submitted to the Bank. A computerized accounting system is envisaged to be established at the PIU. Once trained, the Accountant(s) at the PIU will maintain and prepare quarterly financial reports as part of Project Management Reports.

Accounting software and assessment of Y2K risks:

The accounting and financial consultant retained by under the PHRD grant is currently implementing the Tally accounting software system in the other PIUs in which he is working. It is proposed that this system be implemented in the Education PIU as well to provide a nucleus of staff in Dushanbe who are conversant with the software and capable of supporting each other. During the appraisal mission the project needs, staff capacity, and availability of accounting software were discussed and this approach was agreed to with the Borrower. It is not anticipated that either hardware or software to be purchased under the PHRD or the project will have Y2K compatibility problems.

Conclusion:

Since the project does not currently satisfy the Bank's minimum financial management requirements, an Action Plan is presented below which requires the PIU to design and implement satisfactory financial management system to address above issues. Once the time-bound Action Plan is carried out successfully, it is believed that the project will, by then, have developed an accounting system that will be able to produce the required level of financial management reports in a timely fashion.

Action Plan:

In order to ensure that the project will have sound financial management system in place, the following time-bound Action Plan is presented:

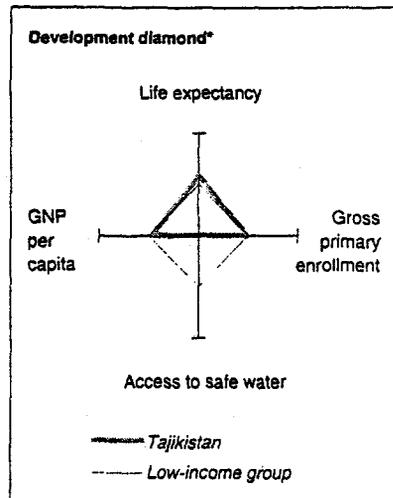
- | | | |
|----|---|-------------------------------------|
| 1. | Purchase Accounting Software
To be consistent with other PIUs, Tally software is being recommended | May 1999 |
| 2. | Install, Design Accounting System, and Trial-Run Software
This will include: <ul style="list-style-type: none"> • Designing accounting flows and controls; • Designing the chart of accounts; • Designing the payroll system; • Specifying the flow of information/documents; • Documenting the flow of money (in and out); • Documenting the internal control system; and • Frequency of transaction and controls. <p><i>to speed implementation, accounting policies and procedures from the Post-Conflict Emergency Reconstruction Project will be adapted for use by the Education PIU</i></p> <p><i>Design required financial reports, e.g.</i></p> <ul style="list-style-type: none"> • Local accounting requirements; • Local tax requirements; • World Bank requirements; • Other donor requirements; • Trust fund requirements; • Reporting currencies; and • Accounting policies. | June 15, 1999 |
| 3. | Hire/Train Additional Financial Staff | June 15, 1999 |
| 4. | Select Auditors | Prior to Effectiveness |
| 5. | Open Special Account | Prior to Effectiveness |
| 6. | Visit by Financial Specialist to verify financial arrangements in place | Prior to Effectiveness |
| 7. | Complete Financial Management Report | 3 months after Effectiveness |

Tajikistan at a glance

10/1/98

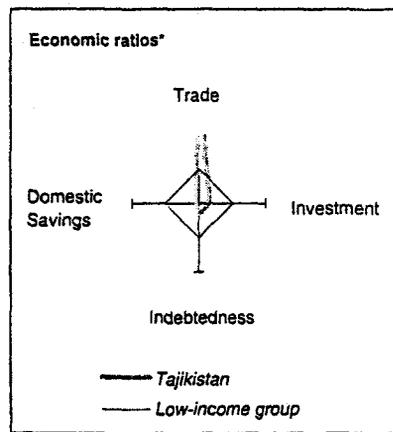
POVERTY and SOCIAL

	Tajikistan	Europe & Central Asia	Low-income
1997			
Population, mid-year (millions)	6.0	476	2,048
GNP per capita (Atlas method, US\$)	330	2,320	350
GNP (Atlas method, US\$ billions)	2.0	1,106	722
Average annual growth, 1991-97			
Population (%)	1.6	0.2	2.1
Labor force (%)	2.2	0.5	2.3
Most recent estimate (latest year available, 1991-97)			
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	32	67	28
Life expectancy at birth (years)	69	69	59
Infant mortality (per 1,000 live births)	30	25	78
Child malnutrition (% of children under 5)	..	..	61
Access to safe water (% of population)	..	..	71
Illiteracy (% of population age 15+)	..	..	47
Gross primary enrollment (% of school-age population)	89	92	91
Male	91	..	100
Female	88	..	81



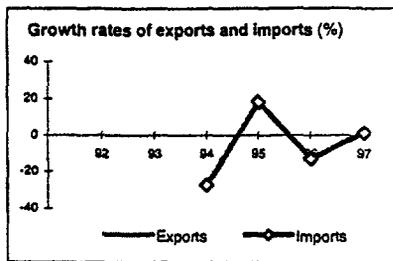
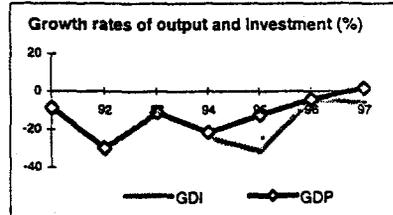
KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1976	1986	1996	1997
GDP (US\$ billions)	1.0	1.1
Gross domestic investment/GDP	7.2	7.1
Exports of goods and services/GDP	77.0	74.0
Gross domestic savings/GDP	1.6
Gross national savings/GDP
Current account balance/GDP	-7.1	-5.5
Interest payments/GDP	0.0	2.9
Total debt/GDP	83.9	95.6
Total debt service/exports	34.0	13.9
Present value of debt/GDP	50.2	..
Present value of debt/exports	65.0	..
	1976-86	1987-97	1996	1997
(average annual growth)				
GDP	-4.4	1.7
GNP per capita	-5.8	-0.3
Exports of goods and services	-0.2	2.9



STRUCTURE of the ECONOMY

	1976	1986	1996	1997
(% of GDP)				
Agriculture	..	28.1	32.0	34.0
Industry	..	37.2	25.0	24.0
Manufacturing
Services	..	34.7	43.0	42.0
Private consumption	..	64.5	..	..
General government consumption	..	21.7	..	..
Imports of goods and services	81.0	80.0
	1976-86	1987-97	1996	1997
(average annual growth)				
Agriculture	-17.8	..
Industry	-23.8	..
Manufacturing
Services	-35.0	..
Private consumption
General government consumption
Gross domestic investment	-4.9	-5.9
Imports of goods and services	-12.9	1.3
Gross national product

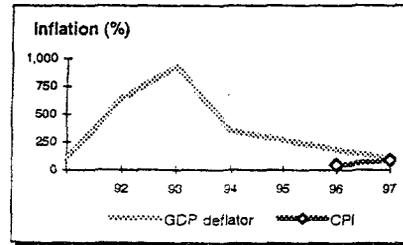


Note: 1997 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

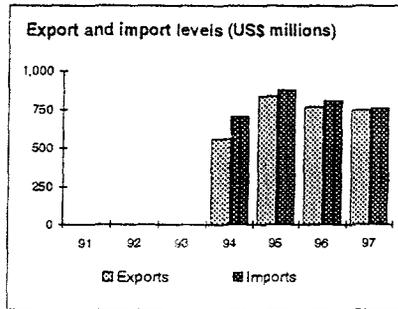
PRICES and GOVERNMENT FINANCE

	1976	1986	1996	1997
Domestic prices				
(% change)				
Consumer prices	41.8	88.0
Implicit GDP deflator	101.3
Government finance				
(% of GDP, includes current grants)				
Current revenue	12.1	13.7
Current budget balance	-4.8	-2.0
Overall surplus/deficit	-5.8	-3.3



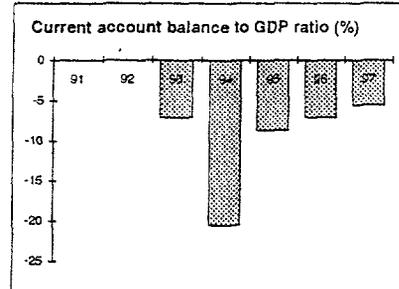
TRADE

	1976	1986	1996	1997
(US\$ millions)				
Total exports (fob)	770	746
Agriculture	304	319
Other	466	427
Manufactures
Total imports (cif)	808	759
Food	122	107
Fuel and energy	261	356
Capital goods
Export price index (1995=100)	108.6	105.2
Import price index (1995=100)	114.6	110.5
Terms of trade (1995=100)	94.8	95.2



BALANCE of PAYMENTS

	1976	1986	1996	1997
(US\$ millions)				
Exports of goods and services	800	804
Imports of goods and services	836	868
Resource balance	-36	-64
Net income	-68	-36
Net current transfers	30	40
Current account balance	-74	-60
Financing items (net)	84	43
Changes in net reserves	-10	17
Memo:				
Reserves including gold (US\$ millions)	14	30
Conversion rate (DEC, local/US\$)	298.4	581.0



EXTERNAL DEBT and RESOURCE FLOWS

	1976	1986	1996	1997
(US\$ millions)				
Total debt outstanding and disbursed	868	1,039
IBRD	0	0
IDA	30	50
Total debt service	180	72
IBRD	0	0
IDA	0	0
Composition of net resource flows				
Official grants	30	19
Official creditors	36	13
Private creditors	0	0
Foreign direct investment	16	11
Portfolio equity	0	0
World Bank program				
Commitments	55	22
Disbursements	30	22
Principal repayments	0	0
Net flows	30	22
Interest payments	0	0
Net transfers	30	22

