I. Project Context

Country Context
The Kyrgyz Republic is a landlocked mountainous country in Central Asia with a multi-ethnic population of 5.4 million. With an estimated per capita GDP of US$880 in 2010, the Kyrgyz Republic is one of the poorest economies in the Europe and Central Asia region. According to the latest available official statistics, an estimated 32 percent of the population lived below the poverty line in 2009, while 3 percent lived in extreme poverty. The incidence of poverty in rural areas (37 percent) was far higher than in urban areas (22 percent). The 2010 crisis events led to a 1.4 percent fall in GDP and initial indications suggest a 2 percent increase in the poverty headcount during 2010.

Since independence in 1991, the country has made a strong advance towards the creation of a liberal market economy with the aim of promoting sustained economic growth and fighting poverty, and has sought international integration through trade and investment, and membership of the World Trade Organization (WTO). It has met with some success in fostering open institutions, but has struggled to embed lasting democracy and civic freedom. Economic reforms resulted in an average annual growth of 5.4 percent over the five years to 2009 and a decline in poverty from 40 percent to 32 percent over 2006-2009 and extreme poverty from 9 percent to 3 percent over the same period. But improvements in governance have proved elusive: the country was ranked 164 out of 178 in Transparency International’s Corruption Perception Index, and Organization for Security and Co-operation in Europe (OSCE) missions characterized elections until 2009 as falling short of international good practice.

The first elected president of the republic was forcibly removed from office in 2005 after nearly 15 years in power following a disputed re-election. In April 2010, anti-government political demonstrations took place against the authoritarian tendencies of his successor who had centralized power within the presidency. Protests were fuelled by a widespread belief that corruption, especially nepotism, and misuse of public assets had risen markedly. There was popular frustration with economic and social policy. These protests culminated in the removal of the president from office, and the formation of an interim government headed by a coalition of opposition political and civic leaders. A new government took office following the presidential elections in October, 2011.

In June 2010, political and social tensions climaxed into violent clashes in Osh and Jalalabad Oblasts, leading to hundreds of deaths and large-scale internal displacement. The conflict also resulted in large scale destruction of public and private property, especially housing, occurred. The civil conflict led to a weakening of confidence within the private sector, and to economic and fiscal pressures. Since the political transition and violent events, state authorities, with the support of national and international partners, have invested heavily in the recovery. The foundational causes of the June 2010 events lie in multiple, persistent stresses in society which are being addressed through efforts at social reconciliation, and equitable investment in critical sectors, including investment in social services which vary considerably in quality across the country.

The new government is attempting a program of security, governance, anticorruption and, where feasible, ethnic reconciliation measures in order to secure a political consolidation. A Country Medium Term Development Strategy 2012-14 has been adopted, which will be closely linked to the Medium-term Budget Framework. The major objectives of the strategy flow from the near-term priorities: ensuring growth averaging five percent per annum so as to re-establish fiscal and debt stability and fight poverty; social sector measures to build human capital; and investments in infrastructure to strengthen the supply base of the economy.

II. Sectoral and Institutional Context

The pre-primary sector suffered a financial shock after independence due to the economic collapse of the collective farm sector, leading to the closing of 70 percent of the preschools, especially in rural areas, and a 75 percent reduction in the number of preschool students in the system (MES 2006). A 2003 household survey found that in 40 percent of the cases children did not attend preschool because of economic hardship; another 22 percent did not have a preschool nearby, and another 22 percent could not get into a preschool because it was full.
Basic, mandatory education starts at age seven and lasts nine years: four primary grades and five lower secondary. In 2009 there were approximately 1.1 million students, of which about 400,000 were in primary grades. Ninety eight percent of students attend public schools, while over two-thirds of students are in rural areas. The primary to lower secondary transition rate is universal. The net enrollment rate in lower secondary is about 90 percent and about 72 percent for higher secondary. Practically all of the 18 thousand primary school teachers are female, while of the 41 thousand teachers in secondary, about 80 percent are female.

Gender parity between girls and boys has been achieved at the system level, as measured by the gender parity index. However, disaggregate data by region shows a slow sliding trend over the period 2006 and 2011 of rural girls in primary enrollment though statistically insignificant.

Despite efforts and considerable spending since Independence, to date the basic education system has produced mixed results – while coverage is good, quality remains a challenge. National student assessments in 2009 showed that approximately two-thirds of grade four students did not master the essentials in mother tongue, mathematics and science; at grade four, the proportion was greater than three quarters. The country’s participation in the OECD’s Programme for International Student Assessment (PISA) showed that, while Kyrgyz students’ performance improved between 2006 and 2009, 15 year olds lag an approximate four and a half grade levels behind the OECD average. There are many contributing factors to these results.

Large geographic differences in education also persist in Kyrgyzstan with Osh, Jalalabad, Batken and Talas having the lowest PISA scores. PISA scores in the south and Talas are much lower than elsewhere in the country, and correspond to a difference of about half a standard deviation – which by international standards is high. Geographic disparities in education quality are pronounced and an approach sensitive to such deficits requires ensuring that lagging regions receive due attention over the course of project implementation.

III. Project Development Objectives
The project development objective is to contribute to an improvement in the quality of basic education.

IV. Project Description
Component Name
Enhanced learning: The objective of this component is to improve pedagogical practices and teaching-learning materials availability in the classroom for better learning.
Improved management and accountability of school resources: The objective of this component is to increase efficiency in the use of education resources by improving management and accountability.
Implementation support: The objective of this component is to finance operating costs generated by the Project.

V. Financing (in USD Million)

<table>
<thead>
<tr>
<th>For Loans/Credits/Others</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>0.00</td>
</tr>
<tr>
<td>International Development Association (IDA)</td>
<td>8.25</td>
</tr>
<tr>
<td>IDA Grant</td>
<td>6.75</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>15.00</td>
</tr>
</tbody>
</table>

VI. Implementation
The Project would be implemented by the Ministry of Education and Science (MoES) with the support of a small Coordination Unit (PCU) with fiduciary and monitoring responsibilities, and selective time-bound technical assistance to support the institutions involved in project implementation. Such institutions include: the Ministry of Education and Science (MoES), the Kyrgyz Academy of Education (KAE), Regional Methodological Centers (RMC), Local Self Governance Bodies (Ayil Okmoty - AO), and schools.

VII. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td></td>
<td>×</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td></td>
<td>×</td>
</tr>
</tbody>
</table>
VIII. Contact point

World Bank
Contact: Dingyong Hou
Title: Senior Education Specialist
Tel: 458-2775
Email: dhou1@worldbank.org

Borrower/Client/Recipient
Name: Ministry of Finance
Contact: Mr. Japarov Akylbek
Title: Minister of Finance
Tel: 996-312-610650
Email: z.alymbaeva@minfin.kg

Implementing Agencies
Name: Ministry of Education and Science of the Kyrgyz Republic
Contact: Mr. Sadykov Kanat
Title: Minister of Education
Tel: 996312662442
Email: minedukg@gmail.com

IX. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop