



1. Project Data:		Date Posted : 08/07/2001	
PROJ ID: P003636		Appraisal	Actual
Project Name: Cn-basic Educ In Poor & Minority Area II	Project Costs (US\$M)	177.0	243.5
Country: China	Loan/Credit (US\$M)	100	97.9
Sector(s): Board: ED - Primary education (45%), Secondary education (44%), Tertiary education (8%), Central government administration (2%), Sub-national government administration (1%)	Cofinancing (US\$M)		
L/C Number: C2651			
	Board Approval (FY)		94
Partners involved :	Closing Date	12/31/2000	12/31/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
<p>The objectives reflected Ministry of Education (MOE) policies for education decentralization. These policies established the principles for provincial and local governments to : (a) implement the Compulsory Education Law; (b) accelerate completion of the government's Nine Year Compulsory Education (NYCE) program at the county level; and (c) pursue their own targets, according to their own means. The main project objectives were to:</p> <ol style="list-style-type: none"> 1. Support the attainment of universal primary education and the expansion of coverage of lower secondary education in poor and minority areas. 2. Build stronger institutions responsible for education delivery. <p>Implicit objectives included the targeting of education financing to the poorest, increasing efficiency in the use of funds, and utilizing available inter-governmental transfer mechanisms to achieve these objectives. The project design and the objectives reflected Chinese policy at that time, stressing increasing inputs to ensure increased access with less regard to educational outcomes.</p>			
b. Components			
<p>Total project costs of \$ 243.5 million comprised:</p> <ol style="list-style-type: none"> 1. Institutional (97.5%) - Facilities Upgrading (71%); Instruction Equipment/Books/Furniture (20%) and Staff Development (6%.) Training included not only classroom teachers but also school principals and administrators at the provincial, county and village levels. There was also a "Normal School Pilot Activity" (NSPA) for training primary school teachers. 2. Management Improvement (.5%) - Management Training (.3 %) and Education Management Information System (.2%.) Staff training, equipment and specialized services were to develop education development capacities at provincial, county, village and institutional levels. 3. Quality Enhancement (2%) - Innovations (1%) and National Capacity Building (1%.) This supported self-generated improvement activities including development of minority language texts, their production, publication and distribution. Support was also given to a Minority Education Training Center (METC), providing training for minority county magistrates and education administrators. A Chinese Experts Panel (CEP) was also funded to support project implementation. 			
c. Comments on Project Cost, Financing and Dates			
<p>The text of the ICR states that counterpart funding increased by 14% over the targeted level. The annex on page 27 indicates however that it rose from 44% (\$77 million out of a planned project cost of \$ 177 million) to 60% (\$ 145.6 million of a realized project cost of \$243 million.) Thus counterpart funding was 89% higher than planned (most coming from increased township and county contributions.)</p>			
3. Achievement of Relevant Objectives:			

1. **Institutional objectives** were achieved with all project provinces exceeding targets for new construction, rehabilitation and elimination of dangerous buildings . 105 of 111 project counties (94%) reached universal primary education and 51% achieved NYCE. Counterpart funding provision exceeded targets by a large margin - most coming from increased contributions from county and township administrations . The project achieved 98.7% of targets for instructional equipment, furniture and books although the ICR notes that the utilization rates need to be increased - there is "still reluctance on the part of principals and teachers to use the equipment and books for fear equipment will be broken or destroyed ." Staff upgrading was also satisfactory with some weaknesses in design and delivery . A Quality Assessment System for Teacher Training was introduced throughout the municipalities and provinces on the initiative of the CEP . The NSPA worked well with many normal schools being elevated to first-rate normal status as a result of the project inputs .
2. **Management Improvements** were made at central, provincial and institutional levels through training and development of the EMIS. Improved reporting of project implementation was evident although "efficient means of using the data, [data] derived from the systems in the development of overall provincial education planning, are not yet obvious."
3. **Quality Enhancement** exceeded expectations in quantity and quality of funded activities, promoting innovations by supporting self-generated improvement activities . While provincial education implementation units reported the solution of local issues, such as developing curricula responsive to local needs and increasing girls enrollment, there was no mechanism for dissemination of experiences . The CEP was very successful in providing ongoing assistance to MOE and the provinces on project implementation and policy issues related to the project. METC was successful in constructing new buildings and organizing seminars for county level education directors and school principals .

4. Significant Outcomes/Impacts:

1. The project's heavy poverty focus and success in drawing forth additional counterpart funding enabled large numbers of poor children in the NW provinces to remain in school during severe droughts when they would not have been able to in previous years .
2. The quality of "*minban*" teachers (recruited by local communities and generally untrained) has been upgraded by special training, all but eliminating this type of teacher in the supported provinces .
3. Local staff who have received Bank -supported management training are now being used to implement the government's own NYCE Program, as well as other provincial and county level poverty alleviation activities within and outside the education sector .
4. The lure of IDA finance acted as a powerful incentive to gather counterpart funds at levels which far exceeded targets set in project design documents .
5. An inter-governmental transfer system providing funds directly from the center to targeted poor counties was developed during project implementation, through cooperation between the MOE and Ministry of Finance .
6. METC's project impacts are being sustained by the relationships established between rural school principals and Beijing counterparts, many of whom provide ongoing support to the more remote schools .

5. Significant Shortcomings (including non-compliance with safeguard policies):

1. Insufficient attention was given to innovations such as new teaching approaches or changes in teacher behaviour independent of technology .
2. The omission of education outcome indicators from the project design was a weakness . It has been dealt with in the two following basic education projects in China . There was no economic analysis for this project and it remains unclear whether the inclusion of outcome indicators will facilitate the production of conventional EIRRs in future.
3. There are a lack of horizontal linkages between county /village schools (who demand teacher training services) and the institutions supplying those services (the Normal schools and 4-year teachers colleges, which are run by prefecture education bureaus and provinces respectively .)
4. Some counties have been forced to borrow at short-term commercial interest rates, offsetting some of the potential benefits of an IDA credit. Provincial and county governments have a high exposure to unanticipated debt obligations (FOREX risk is not assumed by central government .) This creates the possibility of considerably heavier debt repayment burden being passed on by the provinces to the county and village level administrations, who in turn pass it on to poor village households as a local education surcharge .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	The debt burden of urban and county governments should be monitored closely, especially since central government does not assume the FOREX risk.

Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. Good outcome indicators are needed and project preparation teams must work with the borrower to obtain agreement on these during the earliest phase of project design .
2. While minority training programs are seen as a priority, the high costs of travel and training are a significant charge on the minority counties, which are far from Beijing . Government should consider establishing regional centers or providing travel subsidies since these poor counties are least able to shoulder the cost .
3. Poverty-focused social delivery projects should be increasingly targeted at townships since more than half the absolute poor live outside the 592 nationally designated counties .
4. The Innovations Assessment Group, which provided excellent leadership to local project managers, should be given a more permanent evaluation role and institutionalized as has happened with the CEP .
5. Flexibility is required in the use of Ministry of Finance and MOE guidelines and formulae - some can be regressive, difficult to deal with and raise capital costs, while limiting local abilities to increase efficiency . For example, set space per student regardless of geographic location, and overly generous numbers of laboratories that are not really needed .

8. Assessment Recommended? Yes No

Why? A cluster audit with other China basic education projects would provide a good basis for evaluating the progress of the Bank's educational policies in China and the interaction between borrower and client . Some of the lessons relating to loan mechanisms, financial decentralization and inter -governmental transfers would be of value to other countries .

9. Comments on Quality of ICR:

Satisfactory . A well written and clear ICR . An explanation of onlending arrangements between MOF and the provinces, and their effect on beneficiary liabilities would have been useful .