



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
YUNNAN EARLY CHILDHOOD EDUCATION INNOVATION PROJECT (YECEIP)
APPROVED ON DECEMBER 9, 2016
TO
PEOPLE'S REPUBLIC OF CHINA

EDUCATION

EAST ASIA AND PACIFIC

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ABBREVIATIONS AND ACRONYMS

ECE	Early Childhood Education
GER	Gross Enrollment Ratio
IBRD	International Bank for Reconstruction and Development
PDO	Project Development Objective



BASIC DATA

Product Information

Project ID P152860	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 09-Dec-2016	Current Closing Date 31-Dec-2021

Organizations

Borrower People's Republic of China	Responsible Agency Yunnan Provincial Department of Education
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Project Development Objective (PDO)

Original PDO

The Project Development Objective is to improve the access and quality of ECE provision in the project counties in Yunnan Province.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-86710	09-Dec-2016	06-Mar-2017	01-Jun-2017	31-Dec-2021	50.00	26.87	23.13

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

- 1. Background.** The IBRD loan of US\$50 million for the Yunnan Early Childhood Education Innovation Project was approved by the Board on December 9, 2016. The loan became effective on June 1, 2017 and has a closing date of December 31, 2021. The Project Development Objective (PDO) is to improve the access and quality of ECE provision in the Project counties in Yunnan province. The Project consists of four components: (i) increasing access to ECE Programs; (ii) improving ECE quality; (iii) creating an ECE enabling environment; and (iv) project management and monitoring and evaluation. During the mid-term review of the project, conducted from April 22-26, 2019 and a follow up mission during November 4-8, 2019, some changes were discussed reflecting the experience of project implementation.
- 2. Implementation status and achievements to date.** Overall, the implementation progress of the project has been rated Satisfactory and there is strong evidence that the project is on track towards achieving its PDO. The access related indicators have all exceeded the 2019 (the third year of the project implementation) targets. This is due in part to the beginning of enrollment in most project kindergartens. As for quality, the overall student-teacher ratios improved beyond the anticipated level, indicating adequate overall teacher supply in project counties despite some minor staffing challenges observed at some newly-opened project kindergartens. The project-supported teacher and staff training has been carried out according to plan and the Bank team's assessment is that the training participants' expectations were largely met for the activities carried out in 2019. The quality of the project-supported kindergartens is also reflected in the citizen engagement indicator – parent satisfaction, which is at 97 percent. The project disbursement ratio is at 54 percent and is anticipated to accelerate in the remaining two years of the project. The disbursement ratio is mostly driven by civil works activities, which accounts for 77 percent of the total loan amount. The list of all civil works activities supported by the project is included in Annex 1. The procurement for all civil works contracts has completed and most construction activities have either been completed or are in progress. While the remaining civil works activities at the Zhaotong University, Yunnan Normal University, and Qiaojia county had a late start due to administrative delays, the Bank team anticipates that the disbursement ratio will catch up in 2020 and 2021 considering the construction activities have started in these project units and have been progressing according to the timeline of the construction contracts. With the successful implementation of these activities, all funds are anticipated to be disbursed by the project's closing date on December 31, 2021. The overall project risk level remains Moderate.
- 3. Implementation status by components and other main aspects of the project.** The status of implementation of each component is summarized below.

 - **Component 1.** Status by sub-components: (1a) Construction activities of 11 kindergartens have been completed in 6 of the 7 project counties. The remaining civil works for project supported kindergartens in Qiaojia county have demonstrated good progress. (1b) Constructing and equipping two university-affiliated research kindergartens in Kunming University and Zhaotong University started in April 2019 and July 2019,



respectively, and are anticipated to be completed in time for the September 2020 enrollment. (1c) The piloted rural community-based ECE and parenting education centers in Weishan, Qiaojia, and Zhanyi counties have been rolled out according to plan. (1d) Construction activities for the early childhood special education center in Kunming University have started in April 2019 and are anticipated to be completed for the September 2020 enrollment.

Component 2. Status by sub-components: (2a) The project supported in-service training has been carried out according to plan and the overall participant satisfactory level towards the completed training activities was high (>90%). (2b) The activities for improving teacher education programs in Kunming University and Zhaotong University have been carried out according to plan. Yunnan Normal University has experienced some delay during the preparation of its civil works, but is on track to complete this activity by project end date. (2c) All three university research and training centers are under construction and are on track to be completed by project end date. (2d) Yunnan Normal University's online resource bank and platform will be housed in the newly constructed teacher and training institute and is currently in design phase. (2e) The teacher and learning packages have been handed out according to plan.

Component 3. Status by sub-components: (3a) The project supported institutional standards for services provided to children age 0-3 has been drafted and piloted according to plan. (3b) The information and advocacy campaign experienced delays from the service provider; however, a new media agency has been selected to implement this activity. (3c) Two provincial wide policies have been formulated with the support of the project and additional policy work and more toolkits are under development.

Component 4. Status: the Project Management Office has well-functioning core staff and monitoring teams, and the project's results framework has been regularly updated.

- 4. Environmental and Social Safeguards.** The Safeguards rating for the project is Satisfactory, as it has been throughout implementation. There is no change to safeguard policies triggered. The existing Environmental Impact Assessment, including Environmental Management Plan, is still applicable and will continue to guide the environmental management of remaining project activities. The monitoring of the implementation of the Ethnic Minority Development Plan (EMDP) has been satisfactory, in particular the beneficiaries reported very positive feedback on the capacity building activities and teaching facilities and equipment supported by the project. The EMDP remains unchanged and will continue to be implemented to guide project activities related to ethnic minorities, including ethnic children and staff in project kindergartens. Indicators for social development such as citizen engagement, women's participation, and benefits in the project will continue to be followed and monitored.
- 5. Procurement.** There have been no significant issues relating to either procurement or contract management and the rating has been Satisfactory throughout implementation.
- 6. Financial Management.** There are neither outstanding audits nor are there any audit qualifications. The rating has been Satisfactory throughout implementation.
- 7. Compliance with Covenants.** The project is in compliance with legal covenants.



II. DESCRIPTION OF PROPOSED CHANGES

8. During the mid-term review of the project, conducted from April 22-26, 2019 and a follow up mission during November 4-8, 2019, some changes were discussed reflecting the experience of project implementation. This proposed restructuring is the first project restructuring during the project implementation. The proposed changes include adjustments to the Results Framework, Project Cost, and Disbursement Estimates. These changes will be incorporated in the Project Implementation Plan.
9. **Results framework.** Proposed changes include the following:
- Percentage of female beneficiaries of the project direct beneficiaries (PDO Indicator): Propose to change the end target of the “percentage of female beneficiaries” to be in line with the project counties’ demographic trends. The latest value of this indicator as of November 2019 was 46.6 percent. The target values are 46.8 percent and 47.0 percent for 2020 and 2021 (project end), respectively.
 - Percentage of teachers with kindergarten teaching certificates (PDO Indicator): Propose to drop the indicator “Percentage of teacher and staff with kindergarten teaching certificates” and replace it with the indicator “Percentage of preschool teachers and staff with professional certificates in project counties”. The baseline value of this indicator as of November 2019 was 56.9 percent and the target values are 59.0 percent and 62.0 percent for 2020 and 2021 (project end), respectively.
 - Number of newly recruited university faculty with PhD or Masters (Intermediate Results Indicator): Propose to revise the description of this indicator from "Number of university faculty with PhD or Masters" to “Number of newly recruited university faculty with PhD or Masters”. The current and end target values of the indicator remain the same.
 - University graduate employment rate in ECE sector (Intermediate Results Indicator): Propose to revise the description of this indicator from "University graduate employment rate, as kindergarten teachers" to “University graduate employment rate in ECE sector”. The current and end target value of the indicator remain the same.
10. **Project cost.** As of February 2020, all civil works contracts under the project have been signed. The contract price for all civil works contracts is lower than the estimated costs, generating a total of US\$9.7 million in savings. As a result, the total cost for Component 1 is reduced from US\$42.41 million to US\$36.88 million and the total cost for Component 2 is reduced from US\$28.06 million to US\$23.93 million. Total cost for Component 3 and 4 remains unchanged as there are no civil works involved in those components. The total project cost has been adjusted by these savings and the new total project cost by component can be found in the “Components and Cost” below. The total IBRD financing remains unchanged and the savings will result in reduced counterpart commitments.
11. **Disbursement Estimate.** The revised disbursement estimates for Fiscal Year 2020, 2021, and 2022 are USD 12,441,599.24, USD 15,000,000.00, and USD 4,230,704.76, respectively, based on the progress of project activities.
12. **Implications for project legal documents.** These changes do not require an amendment to the legal documents.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
DLIs		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Increasing access to ECE programs	42.41	Revised	Component 1: Increasing access to ECE programs	36.88
Component 2: Improving ECE Quality	28.06	Revised	Component 2: Improving ECE Quality	23.93
Component 3: Creating an ECE enabling environment	0.33	No Change	Component 3: Creating an ECE enabling environment	0.33
Component 4: Project management, monitoring and evaluation	0.61	No Change	Component 4: Project management, monitoring and evaluation	0.61
TOTAL	71.41			61.75

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	4,999,999.97	0.00
2018	9,999,999.96	9,675,991.00
2019	20,000,000.04	8,651,705.00
2020	9,999,999.96	12,441,599.24
2021	5,000,000.04	15,000,000.00
2022	0.00	4,230,704.76



Results framework

COUNTRY: China

Yunnan Early Childhood Education Innovation Project (YECEIP)

Project Development Objectives(s)

The Project Development Objective is to improve the access and quality of ECE provision in the project counties in Yunnan Province.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improve the access of ECE provision in the Project counties in Yunnan Province							
3-year kindergarten GER in the Project counties (Percentage)		54.00	57.00	60.00	63.00	66.00	69.00
3-year kindergarten GER in rural areas in the Project counties (Percentage)		45.00	48.00	60.00	63.00	66.00	69.00
3-year kindergarten GER (ethnic minorities) in the Project counties (Percentage)		64.00	65.00	66.00	67.00	68.00	69.00
Direct project beneficiaries (Number)		0.00	380.00	2,586.00	6,806.00	11,851.00	17,291.00
Female beneficiaries (Percentage)		0.00	0.00	47.50	46.60	46.80	47.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Percentage of teachers with kindergarten teaching certificates (Percentage)		43.00	46.00	49.00	53.00	57.00	59.00
Action: This indicator has been Marked for Deletion							
Percentage of preschool teachers and staff with professional certificates in project counties (Percentage)		0.00	0.00	0.00	56.90	59.00	62.00
Action: This indicator is New	<p>Rationale: Propose to drop the indicator "Percentage of teacher and staff with kindergarten teaching certificates" and replace it with the indicator "Percentage of preschool teachers and staff with professional certificates in project counties". The current value (baseline) of the proposed new indicator is 56.90 percent and the end target value is 62.00 percent.</p> <p>Rationale for the change: The training under the project target virtually all staff who are part of the ECE service delivery. Training for teachers, caregivers, and health professionals all lead to certification while so far only teacher certification is tracked as the sole PDO indicator to monitor the quality of the project. The original indicator does not fully capture the progress of the project and the proposed new indicator is more comprehensive.</p>						

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 1: Increasing access to ECE programs							
Number of kindergarten classes constructed or		0.00	79.00	109.00	134.00	145.00	170.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
renovated under the Project (Number)							
Component 2: Improving ECE Quality							
Percentage of rural and private teachers that participate in training under the Project (Percentage)	0.00	64.00	68.00	74.00	80.00	90.00	
Student-teacher ratio (Project county) (Percentage)	20.00	19.00	17.00	16.00	15.00	14.00	
Student-teacher ratio in rural areas (Project county) (Percentage)	24.00	22.00	20.00	19.00	17.00	17.00	
Number of newly recruited university faculty with PhD or Masters (Number)	0.00	4.00	8.00	12.00	16.00	20.00	
	<p>Rationale: Propose to revise the description of this indicator from "Number of university faculty with PhD or Masters" to "Number of newly recruited university faculty". The current and end target values of the indicator remain the same.</p> <p>Action: This indicator has been Revised Rationale for change: There was a typo for this indicator in the PAD. This indicator was meant to track new faculty with advanced degrees, not the total number of teachers.</p>						
University graduate employment rate in ECE sector (Percentage)	68.00	73.00	79.00	83.00	88.00	91.00	
	<p>Rationale: Propose to revise the description of this indicator from "University graduate employment rate, as kindergarten teachers" to "University graduate employment rate in ECE sector". The current and end target value of the indicator remain the same.</p> <p>Action: This indicator has been Revised</p>						



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<i>Rationale for change: This indicator is meant to track all employment in ECE such as ECE research, policy work, ECE related software etc, which are all important professions for the development of the Yunnan ECE sector.</i>							
Parental satisfaction towards kindergarten quality (Percentage)		0.00	76.00	80.00	84.00	86.00	90.00
Component 3: Creating an ECE enabling environment							
Number of kindergartens that comply with the new kindergarten quality standards (Number)		0.00	46.00	80.00	110.00	132.00	158.00
Number of policy suggestions adopted (Number)		0.00	0.00	0.00	0.00	1.00	2.00
Component 4: Project management, monitoring and evaluation							
Number of kindergartens that use child development measurement instrument (Number)		0.00	30.00	46.00	64.00	77.00	88.00

**Annex 1. Status of the project civil works contracts**

Civil construction contracts	Procurement status	Amount financed by Bank loans (Million US dollars)	Date of contract signing	Implementation status
Nanzhao Kindergarten and Wuyin Township Kindergarten (Weishan County)	Completed	2.5	2017.5.23	Already in use
No.2 County Kindergarten and Cibihu Township Kindergarten (Eryuan County)	Completed	3.3	2017.8.1	Already in use
No. 2 Kindergarten, Zhuangjiawan Kindergarten, and three kindergartens attached to local primary schools (Zhanyi County)	Completed	4.3	2017.8.31	Already in use
No. 1 Kindergarten (Xichou County)	Completed	1.5	2017.3.20	Already in use
Qingyuan Kindergarten (Jianshui County)	Completed	1.7	2016.12.17	Already in use
Shangjie Kindergarten (Yangbi Yi Autonomous County)	Completed	2.3	2018.3.1	The main activities of the civil works have been completed and the current work is focusing on decoration. Parts of the facilities are already in use.
Baihetan Kindergarten, Qiaojiaying Kindergarten and Chongxi Township Kindergarten (Qiaojia County)	Completed	4.8	2019.3.15	Construction is in progress and is expected to be put in use by September 2020

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College Experimental Kindergarten and Center for Early Childhood Education (Zhaotong University)	Completed	4.2	2019.7.9	Construction is in progress and is expected to be put in use by September 2020
College Experimental Kindergarten, Rehabilitation Center for Children in Special Needs, and Center for Early Childhood Education (Kunming University)	Completed	8.1	2019.4.3	50 percent has been completed and the remaining work is expected to be completed before the September 2020 enrollment
Center for Early Childhood Education (Yunnan Normal University)	Completed	5.9	2019.10.8	Construction permit has been processed and site leveling has been completed