

Document of
The World Bank

Report No: ICR00001811

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-42400)

ON A

CREDIT

IN THE AMOUNT OF SDR 10.1 MILLION

(US\$15 MILLION EQUIVALENT)

TO THE

REPUBLIC OF UZBEKISTAN

FOR A

BASIC EDUCATION PROJECT IN SUPPORT OF THE FIRST PHASE OF A
US\$40 MILLION EQUIVALENT ADAPTABLE PROGRAM LOAN

July 27, 2011

Human Development Sector Unit (ECSHD)
Europe and Central Asia Region
Central Asia Country Unit

CURRENCY EQUIVALENTS

(Exchange Rate Effective July 2011)

Currency Unit = Sum
 SUM 1.00 = US\$ 0.00062
 US\$1.00 = SUM 1,729.12
 US\$1.61 = SDR 1

FISCAL YEAR

January 1–December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	NSEDP	National School Education Development Program
APL	Adaptable Program Loan	OECD	Organization for Economic
BEP	Basic Education Project	PAD	Project Appraisal Document
DSE	Department of School Endowment	PC	Project Coordinator
FMS	Financial Management Specialist	PDO	Project Development Objective
FAD	Finance and Accounting Department	PER	Public Expenditure Review
GDP	Gross domestic product	POM	Project Operations Manual
GoU	Government of Uzbekistan	PRSP	Poverty Reduction Strategy Paper
ISN	Interim Strategy Note	RIPTT	Republican Institute for Preschool Teacher Training
MoF	Ministry of Finance	RITT	Republican Institute for Teacher Training
IDA	International Development Association	SDR	Special Drawing Rights
LSA	Living Standard Assessment	SEDP	School Education Development Program
M&E	Monitoring and evaluation	SIL	Sector Investment Loan
MHE	Ministry of Higher Education	TOR	Terms of Reference
MOE	Ministry of Economy	UNICEF	United Nations International Children's Emergency Fund
MoPE	Ministry of Public Education	USAID	United States Agency for International development
MoFERIT	Ministry of Foreign Economic Relations, Investment and Trade	WB WBI	World Bank World Bank Institute
NGO	Non-governmental organization	WIS	Welfare Improvement Strategy
NPPT	National Program Personnel Training		

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UZBEKISTAN
Basic Education Project in Support of the First Phase of an Adaptable Program Loan

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MAP 33508

DATA SHEET

A. Basic Information			
Country:	Uzbekistan	Project Name:	BASIC EDUCATION, Phase I
Project ID:	P094042	L/C/TF Number(s):	IDA-42400
ICR Date:	04/28/2011	ICR Type:	Core ICR
Lending Instrument:	APL	Borrower:	Government of Uzbekistan
Original Total Commitment:	SDR 10.1M	Disbursed Amount:	SDR 8.54M
Revised Amount:	SDR 10.1M		
Environmental Category: C			
Implementing Agencies: Ministry of Public Education			
Co-financiers and Other External Partners: Government of Uzbekistan/Ministry of Public Education			

B. Key Dates				
Process	Date	Process	Original Date	Revised/Actual Date(s)
Concept Review:	03/04/2005	Effectiveness:	04/28/2007	04/28/2007
Appraisal:	10/10/2005	Restructuring(s):		
Approval:	10/26/2006	Mid-term Review:	N/A ¹	
		Closing:	06/30/2008	02/28/2011

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Low
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank	Moderately Satisfactory	Overall Borrower	Moderately Satisfactory

¹ As the project was projected to be completed within 18 months, a mid-term review (MTR) was not foreseen.

Performance:		Performance:	
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C.3 Quality at Entry and Implementation Performance Indicators

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes

	Original	Actual
Sector Code (as % of total Bank financing)		
General public administration sector	5	5
Pre-primary education	25	25
Primary education	35	35
Secondary education	35	35
Theme Code (as % of total Bank financing)		
Decentralization	20	20
Education for all	40	40
Participation and civic engagement	20	20
Rural services and infrastructure	20	20

E. Bank Staff

Positions	At ICR	At Approval
Vice President:	Philippe H. Le Houerou	Shigeo Katsu
Country Director:	Motoo Konishi	Annette Dixon
Sector Manager:	Alberto Rodriguez	Charles C. Griffin
Project Team Leader:	Scherezad Joya Monami Latif	Ernesto P. Cuadra
ICR Team Leader:	Gentjana Sula	
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F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The Basic Education Project is a four-year Adaptable Program Loan (APL) that will be implemented in two phases and financed by a sector investment credit provided by the International Development Association (IDA), the credit arm of the World Bank. The program's overall objective was to support Uzbekistan's efforts to improve the effectiveness of teaching at the general secondary education and preschool levels in order to provide students and preschoolers with the new knowledge and skills required to succeed in the contemporary global economy. Phase 1 of this APL is subject of this report.

The objective of Phase 1 of the APL was to improve learning conditions in preschools and in the first four grades of general secondary education. This objective would be achieved by (i) increasing the availability of teaching and learning materials in preschools and in all classes from grade one to four in general secondary schools located in rural poor areas; (ii) enhancing the capacity of teacher training institutions to introduce school-based teacher training strategies; (iii) increasing community involvement in school decision making; (iv) creating the conditions for a successful introduction of per-capita school funding; and (v) building project implementation, managerial, and monitoring and evaluation capacity into the MoPE.

The second phase of the APL would be initiated under two conditions: (i) school boards in at least 75 percent of project must have participated actively in a school needs assessment process and prioritized learning materials; and (ii) standardized student assessments must have been piloted in a representative sample of students in both project and non-project schools.

The Project Development Objectives (PDO) of Phase 1 were as follows:

- 1) Improved teaching effectiveness in general secondary education schools located in poor areas so that students graduate with the competencies and skills required to participate in a globalized world;
- 2) Improved efficiency in budget allocation and strengthened budget management and accounting in general secondary education; and
- 3) Improved capacity of the Ministry of Public Education (MoPE) to implement and monitor investment programs.

Revised Project Development Objectives (as approved by the original approving authority)

The Project Development Objectives were not revised during implementation.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1:	Student learning achievement as measured by a new standardized test of learning achievement to be administered to a sample of students in project and non-project schools			
Value quantitative or qualitative)	No standardized test in place	Standardized tests administered		Standardized test completed for grades 4 and 8.
Date achieved	12/15/2006	06/30/2008		02/28/2011

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Comments (incl. % achievement)	ACHIEVED. The standardized student assessment was carried out for grade 4 in 2008 and for grade 8 in 2009. However, the adequacy of the use of this indicator to measure PDO Indicator 1 is called into question in this report.			
Indicator 2:	More equitable distribution and increased efficiency of budget utilization in general secondary education.			
Value quantitative or qualitative)	System was input based	Design of the financing formula and adoption of relevant policies for financing reform, which would be piloted in Bukhara during Phase 2.		Per-capita formula developed and implemented throughout Uzbekistan within Phase 1
Date achieved	12/15/2008	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED. According to the financing formula approved by the Ministry of Public Education, budget allocation per student was equalized at the school, rayon, and oblast levels across Uzbekistan.			
Indicator 3:	Information on baseline indicators is collected and analyzed at least once a year			
Value quantitative or qualitative)	No baseline indicators available	Baseline indicators are reported annually		First baseline report was delivered in 2009
Date achieved	12/15/2008	06/30/2008		02/28/2011
Comments (incl. % achievement)	PARTIALLY ACHIEVED. Baseline indicators reported in 2008 for the first time.			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1:	Modern teaching and learning materials are available in at least 80 percent of all targeted classes in project schools.			
Value (quantitative or qualitative)	N/A	In year 2 of the project, 10 percent of targeted classes in project schools are equipped with modern teaching and learning materials		Modern teaching and learning materials are available in at least 80 percent of all targeted classes in project schools
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED. 80 percent of classes were equipped with materials needed.			
Indicator 2:	In-service teacher training institutes have adopted new school-based teacher training strategies			

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Value (quantitative or qualitative)	N/A	5 percent of teachers are trained through school-based training activities		The MoPE was not able to report the percentage of teachers using student-centered education as a result of Phase 1 of the Basic Education Project (BEP 1) as activities for training school/preschool teachers and principals were transferred to Phase 2, which overlapped with Phase 1
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	PARTIALLY ACHIEVED. Experts from both Republican Teacher Training Institutes were trained, modules were developed, and facilitators and principals were trained. The percentage of training resulting from BEP 1 was not reported as such since training activities were transferred to BEP 2.			
Indicator 3:	At least 163 facilitators have been trained to introduce child-centered teaching strategies in schools.			
Value (quantitative or qualitative)	N/A	At least 163 facilitators are trained to introduce child-centered teaching strategies.		165 facilitators (94 at the basic education level, 71 at the preschool level) from among the oblast and rayon specialists were trained to implement additional activities to train personnel.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED.			
Indicator 4:	New training materials are available to be used in Phase 2			
Value (quantitative or qualitative)	N/A	Training materials are available for Phase 2 of the project.		Modules for training materials are developed.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED. Four training modules developed for (1) facilitators; (2) basic education/preschool principals; (3) methodological groups of teachers; and (4) teachers.			
Indicator 5:	School boards participate actively in needs assessment and in the selection of learning materials.			
Value (quantitative or qualitative)	Several non-coordinated school committees were functioning in schools.	75 percent of schools with active school boards in project schools		More than the target of 75 percent of schools participate actively in school activities.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED.			
Indicator 6:	Agreement is reached on a per-capita funding formula.			
Value	N/A	Per-capita financing		Per-capita financing

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
(quantitative or qualitative)		developed and implemented in pilot areas.		developed and piloted in the Bukhara region.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED. A joint resolution of the Ministry of Public Education (MoPE) and Ministry of Finance (MoF) on implementation of per-capita financing in general education schools was adopted, including regulations for calculating schools' budget expenses based on a formula.			
Indicator 7:	An implementation plan and training materials to introduce per-capita funding are developed.			
Value (quantitative or qualitative)	N/A	An implementation plan and training programs are in place to help introduce a financing formula.		Regulations regarding the financing formula were adopted in 2008 for the pilot area. All school masters and accountants completed relevant training.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED.			
Indicator 8:	Norms and regulations to support per-capita funding are in place.			
Value (quantitative or qualitative)	N/A	Norms and regulations to support per-capita funding are in place.		Norms and regulations developed for all rayons and oblasts.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED. A joint resolution of the MoPE and MoF was adopted that allowed for the piloting of the new scheme and for country-wide implementation of the financing formula.			
Indicator 9:	A student assessment is piloted and the results are used to inform decisions on teacher training			
Value (quantitative or qualitative)	N/A	Student assessment piloted and information used to inform decisions on teacher training		National student assessment was conducted for grades 4 and 8 of general schools.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED. Assessment conducted for grades 4 and 8, and according to the results of the assessment, teachers with lower performance indicators were identified and were sent to undertake professional development.			
Indicator 10:	A school board survey is conducted to determine if continuation of Phase 2 of the Project is plausible			
Value (quantitative or qualitative)	N/A	A school board survey is conducted and used to determine if continuation of Phase 2 is plausible		The survey was conducted in Feb 2008 and was used as the basis for the World Bank's decision to continue with BEP 2.
Date achieved	12/15/2006	06/30/2008		02/28/2011
Comments (incl. % achievement)	ACHIEVED.			

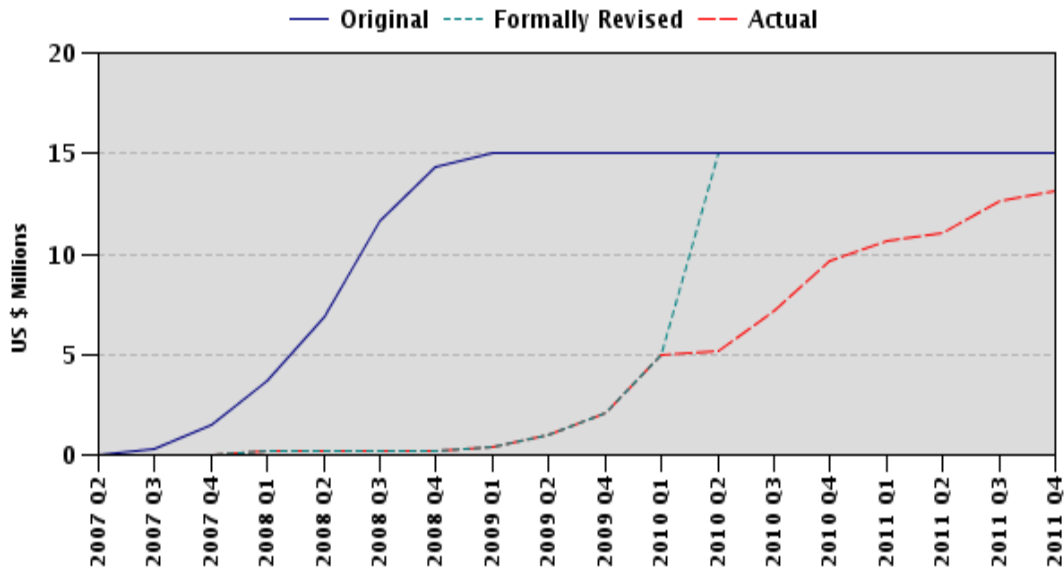
G. Project Performance Ratings from Implementation Status and Results Reports (ISR)

No.	Date ISR Archived	Development Objective (DO)	Implementation Progress (IP)	Actual Disbursements (USD million)
1	04/09/2007	Satisfactory	Satisfactory	0.00
2	06/25/2007	Moderately Satisfactory	Moderately Satisfactory	0.00
3	10/15/2007	Moderately Satisfactory	Moderately Satisfactory	0.20
4	03/07/2008	Moderately Satisfactory	Moderately Satisfactory	0.20
5	05/10/2008	Moderately Satisfactory	Moderately Satisfactory	0.20
6	11/21/2008	Moderately Satisfactory	Moderately Satisfactory	0.95
7	06/16/2009	Moderately Satisfactory	Moderately Satisfactory	1.38
8	07/30/2009	Moderately Satisfactory	Moderately Satisfactory	4.99
9	11/29/2009	Moderately Unsatisfactory	Moderately Unsatisfactory	5.21
10	04/26/2010	Moderately Unsatisfactory	Moderately Unsatisfactory	8.06
11	11/27/2010	Satisfactory	Moderately Satisfactory	10.65

H. Restructuring (if any)

Not Applicable

I. Disbursement Profile



1. Project Context, Development Objectives, and Design

The Basic Education Project was approved on October 26, 2006 and became effective on April 28, 2007. The Project was the first education project in Uzbekistan supported by the International Development Association (IDA) and takes the form of a two-phased Adaptable Program Loan (APL) to support the Government's education sector reform program. The Project was planned in two phases, with the second phased launched based on agreed upon triggers from the first phase. This Implementation Completion and Results Report will focus only on Phase 1 of this APL, hereinafter "the Project".

Context at Appraisal

Uzbekistan was the fifth largest country by territory in the former Soviet Union, and with 26 million inhabitants, the third largest by population. It gained independence in 1991, and in 2005 the per capita gross national income (GNI) was estimated at US\$520. The authorities had chosen and have continued to follow a gradual reform path, aimed at social stability, which was based on strong preferences for national independence, government control, and self-sufficiency. Uzbekistan is therefore one of the transition economies without a high pace of reform. The country had, and still has, a predominantly rural population—63 percent of the total population lives in rural areas—and most of the poor are rural dwellers.

Uzbekistan's economic strategy included a strong focus on the maintenance of basic public services. Education spending in 2006 was around 29.5 percent of the total budget, or 9.7 percent of gross domestic product (GDP). As a result, education spending in Uzbekistan was considerably above the average for countries belonging to the Organization for Economic Cooperation and Development (OECD). This high level of spending in education was a late response to the relative neglect experienced by the education sector during the early 1990s. Nonetheless, questions remained about the efficiency and relevance to the labor market of this public spending on education.

Enrolment and attendance rates in general education were high at above 99.7 percent for all communities, with small variations by geographic location, and only a two to three-percentage point difference between the communities with the highest and lowest rates. The main factors that hindered the improvement of learning and teaching quality in general secondary schools were considered to be (i) teachers' inability to promote active engagement by students in their own learning; (ii) insufficient and outdated equipment in classrooms; (iii) a lack of modern teaching aids; and (iv) ineffective use of available teaching aids and information technologies. There were also disparities in human and material resource endowment between urban and rural schools. Schools in rural communities that were located far from both the district (rayon) and regional (oblast) centers fared the worst. Often, these schools received as little as half the share of resources that were received by urban schools. The urban/rural disparities in school and teacher characteristics had a disproportionate effect on the poor, primarily because poverty was more prevalent in rural areas (29.8 percent in 2003, compared to 22.6 percent in urban areas).

The existing conditions presented many challenges, in particular, a school education backlog and serious issues related to the development of a material and technical base for schools and a lack of a single continuous education system, which was a major condition for successful implementation of the National Program on Personnel Training in 2004. A Presidential Decree was adopted, which specified that implementation of the School Education Development Program (SEDP) for 2004-2009 should be considered an important task under the current reform process. Major principles and objectives of the SEDP were approved by this Decree, which stipulates cardinal improvements of the entire school education system; formation of an educational-material base and educational standards compliant with the highest modern standards; creation of equal conditions for children's education regardless of their place of residence on the basis of a gradual, phased elimination of differences in the material base; equipment

of rural and urban schools; and overall promotion of teachers. The following were also specified as main areas of implementation of the SEDP:

1. Strengthening and development of a material and technical basis for general secondary schools by designing similar projects and concrete targeted programs on the demolition of emergency, capital reconstruction, capital repair, and maintenance of school buildings;
2. Provision of schools with modern learning and laboratory equipment, computers, textbooks, and learning materials;
3. Improvement of education standards and educational programs in the education system;
4. Provision of general secondary schools, primarily in rural areas, with qualified teaching staff of higher quality, the creation of an effective system for training, retraining, and further training teachers, boosting their motivation; and
5. Development of sports activities in general secondary schools and consolidation of their sports base.

Accompanying the major investments under this program were significant salary increases for teachers and school principals, some of which were performance based. The program was to be financed by a combination of donor and budget financing, the central feature of which was a new earmarked sales tax of 1 percent. Donor financing was pledged in support of the program, and in a Letter of Development Policy dated September 18, 2006, the Government of Uzbekistan (GoU) requested the World Bank's support for the implementation of its School Education Development Program.

As noted earlier, the Project was the first Bank-financed education operation in Uzbekistan. The World Bank maintained policy dialogue on the education sector with the Government through a Living Standard Assessment (LSA) in 2003 and a Public Expenditure Review (PER) in 2004, conducted prior to appraisal. Both studies, among other factors, contributed to the Government's shift in the focus of its education program from vocational education, toward general school education.

The APL operation was intended to support implementation of the SEDP. While the GoU focused its resources on school rehabilitation and construction, international financial institutions such as the Asian Development Bank (ADB), the Islamic Development Bank (IDB), and bilateral donors provided support to other Program components. This Project was intended to complement ongoing reforms in the education sector and at the same time strengthen pro-poor aspects of the Government's SEDP by targeting the rural poor.

1.2 Original Project Development Objectives (PDO) and Key Indicators

The overall objective of the Program is to improve teaching effectiveness in general secondary education and preschools located in targeted poor areas and enhance the capacity of the Ministry of Public Education (MoPE) to efficiently allocate resources, monitor its investment programs, and evaluate the impact of its programs.

The Project Development Objectives of Phase 1 of the APL were as follows:

PDO 1: Improved teaching effectiveness in general secondary education schools located in poor areas so that students graduate with the competencies and skills required to participate in a globalized world.

PDO 2: Improved efficiency in budget allocation and strengthened budget management and accounting in general secondary education.

PDO 3: Improved capacity of the Ministry of Public Education to implement and monitor investment programs.

The two performance indicators for Phase 1 that would function as triggers for consideration of World Bank support for the second phase of the program were (i) the school boards of at least 75 percent of project schools would be involved in school needs assessment and in the selection of teaching and learning materials; and (ii) a standardized student assessment would have been conducted on a pilot basis of a representative sample of students in project and non-project schools.

1.3 Revised PDO and Key Indicators and Justification (as approved by original approving authority)

There were no revisions to the PDOs or key indicators.

1.4 Main Beneficiaries

The Project targeted 35 rayons in seven oblasts. These rayons were selected based on poverty levels, the number of schools in remote areas, and their classification—according to the governmental definition—as “waterless and deserted areas” of Uzbekistan. Of these, the direct beneficiaries of this Project were students/preschoolers, teachers, and staff in 1,501 general secondary schools and 598 preschools.

1.5 Original Project Components

The Project included the following components:

Component 1: Provision of Learning Materials and Resources for General Secondary Schools and Preschools (US\$9.8 million or 65.3 percent of total project costs)

The objective of this component was to improve the quality of teaching and learning in selected schools by providing them with modern low-cost and high-impact learning materials and resources. The provision of inputs was to be fully aligned with the priorities and ongoing activities under the SEDP and coordinated with education projects supported by other donors. This component financed the following activities: (i) provision of learning materials and resources to selected preschools and stand-alone primary schools; (ii) demand-driven provision of learning materials and resources to selected general secondary schools; and (iii) targeted training to rayon heads, inspectors, officials in charge of monitoring and evaluation, and heads of the centers of vocational orientation and psychological counseling as local implementation agencies and actors for this component.

Component 2: Strengthening of In-service Training for Teachers and Principals in General Secondary Schools and Preschools (US\$3.8 million or 25.3 percent of total project costs)

The objective of this component was to enhance the quality of teaching and learning in 1,501 general education secondary schools and 598 preschools located in 23 rayons in seven oblasts. This was to be accomplished by upgrading teachers’ teaching skills, competencies, and knowledge of the use of student- and knowledge-centered active learning strategies, complementary student assessment methods, cooperation-based work methods, and of the effective use of modern teaching aids. The component also supported the training of school directors to introduce them to the training program that the teachers

would receive and to introduce them to resource management and community mobilization knowledge and techniques.

The APL Phase 1 aimed to strengthen the capacity of the Republican Institute for Preschool Teacher Training (RIPTT) and the Republican Institute for Teacher Training (RITT) to provide training to a larger number of teachers in any given year. To achieve this objective, the project would finance technical assistance for these Institutes to mainstream the use of school-based teacher training strategies as alternatives to the existing system of individualistic and supply-driven training. The main activities to be financed during Phase 1 included (i) technical assistance for the development of school-based training modules and materials and for monitoring and evaluation strategies and (ii) provision of teaching equipment and materials for the Republican Institutes, Regional Teacher Training Institutes, Rayon Methodological Centers and School Teachers' Rooms.

Component 3: Support Activation of School Boards (US\$0.17 million or 1.13 percent of total project costs)

The objective of this component was to contribute to the improvement of school environments and students' learning achievements by strengthening and stimulating community participation in the decision-making process. The transition from Phase 1 to Phase 2 was contingent on the achievement of significant progress in the activation of school boards. It was expected that after eight months of project implementation, at least 75 percent of schools would have school boards actively participating in school needs assessment and prioritization.

Component 4: Improvement in Education Financing, Budgeting, and Management (US\$0.89 million or 0.59 percent of total project costs)

The overall objective of this component was to improve the efficiency of general secondary education financing by building capacities in the education sector for budget planning and formulation on one hand and management and accounting on the other, while expanding per-capita financing in the sector.

The first step was to lay the groundwork for expansion of per-capita financing in the education sector by ascertaining the correct formula, designing an implementation plan, preparing training materials, and putting all necessary legal and institutional prerequisites in place. Taking into account the oblasts in which other project components would be active, the choice was made to implement per-capita financing in education in Bukhara oblast first. Second, plans were made to make training materials tailored to the different actors available as well as to facilitate the passage of the necessary new regulations supporting implementation of per-capita financing in education.

The short-term outcome indicator for this subcomponent was the number of rayons implementing per-capita financing in the education sector. The more long-term outcome indicator was the degree of improvement in the efficiency of general secondary education public expenditures.

Component 5: Support for Project Management and Results Management (US\$0.44 million)

The objective of this component was to enhance the capacity of line units within the MoPE to effectively coordinate and implement the Basic Education Project and, in doing so, strengthen the capacity of the MoPE and other education institutions to manage, implement, monitor, and evaluate the impact of education improvement interventions.

To ensure satisfactory coordination among components and to improve overall strategic planning, a Steering Committee would be established within the MoPE to provide guidance to the Project. This

Committee would be led by the Deputy Minister of Education for Economics and Finance and would include the coordinator of each component in the MoPE, as well as one member from each of the Republican Institutes for Teacher Training. The monitoring and evaluation subcomponent was would be managed by the Department of Education Standards Improvement and Implementation of Advanced Educational Technologies.

1.6 Revised Components

No components were revised during project implementation.

1.7 Other Significant Changes

Amendments to the Financing Agreement. There were three extensions of the closing date for the Financing Agreement, which amounted to a total of 32 months. The main reasons for the extensions were the initial delay in project effectiveness, aggravated by implementation delays resulting from the Borrower's lack of understanding of World Bank procedures and complex registration and review procedures for approval of international contracts by the Ministry of Foreign Economic Relations and Investment and Trade (MoFERIT).

The first extension from June 30, 2008 to December 31, 2009 was justified on the basis of (i) the three-month delay in project effectiveness and (ii) an unrealistic implementation period of only 18 months. The aim of the subsequent 18-month extension was to allow for completion of procurement of teaching and learning materials (US\$8 million).

The second extension from December 31, 2009 to December 31, 2010 was granted in order to allow for the completion of remaining project activities, amounting to about 77 percent of the credit proceeds.

The third last-minute extension from December 31, 2010 to February 28, 2011 was granted to allow the MoPE to receive additional computers, which had been purchased using project savings accumulated due to the appreciation of the SDR in relation to the US dollar. The Government of Uzbekistan and the World Bank agreed to use those resources to purchase additional computers to expand their availability to all schools, in support of per-capita financing reforms.

Borrower Contribution to Project Financing. Counterpart financing at appraisal was estimated at US\$118,000 (0.1 percent of the project cost), but it appears that only a small portion of that amount (US\$17,000) can be accounted for by the Project. At the same time, the Government's decision to aim for nationwide implementation of the financing formula, instead of just Bukhara as originally planned, required more resources, which were not planned under BEP 1 on this scale. Thus, the Government financed this expansion with central budget resources, at the cost of reducing its contribution to certain project activities.

Exchange Rate Fluctuation. Exchange rate fluctuation involving the local currency (SUM) and the US dollar and SDR required close financial management during implementation, particularly as some contracts were denominated in the local currency. Overall, estimated exchange loss resulting from USD to SUM exchange rate fluctuation was approximately US\$2 million; nonetheless, the appreciation of SDR in relation to the US dollar meant that more resources were available for the Project.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design, and Quality at Entry

The ICR team rates Design and Quality at Entry as *Moderately Satisfactory* for the reasons discussed below.

Key positive aspects of the Project preparation include the following:

Ownership and the Government's political commitment during the Project's design were considerable. Project objectives were consistent with the Government's policies and the objectives of the education reform program. One of the main pillars of Uzbekistan's Welfare Improvement Strategy (WIS) was to strengthen human development and social protection by providing people with access to quality education and increasing efficiency in the use of public resources. The BEP 1 Project was designed to contribute to achieving the objectives of the WIS by producing general secondary graduates with relevant competencies and skills while at the same time ensuring that the education budget was managed in an efficient manner. Furthermore, the GoU, particularly the MoPE, showed high commitment by undertaking preparation activities with a high level of independence. For example, project design was extensively discussed with working groups involving a variety of government officials and other agencies in order to achieve optimal preparedness.

Project design was coordinated through the alliance formed between the Government and other donors to co-finance education reforms. The SEDP focused on (i) the strengthening and development of a material and technical base for general secondary schools; (ii) the provision of modern educational and laboratory equipment, computers, textbooks and learning materials; (iii) the improvement of education standards and programs in the education system; (iv) the provision of qualified teaching staff to general secondary schools, primarily in rural areas, improvement of the quality of teachers, the creation of an effective system for training, retraining, and further training teachers and boosting their motivation; and (v) the development of sports activities in general secondary schools and consolidation of their sports base. International financial institutions such as the ADB and IDB and bilateral donors provided support for the implementation of this program in the areas of information and communication technology in basic education, training modules for school directors and teachers on interactive teaching methods, child-centered teaching, team and resource management, and community involvement. The Project was designed with full awareness on other players' activities in order to complement ongoing investments and reforms in the education sector.

The Project was in line with the Bank's Interim Strategy Note (ISN) FY07/08, which was endorsed by the Board of Directors of the World Bank on July 27, 2006. The ISN reflected the Bank's concerns about the existing environment in Uzbekistan, which made it difficult for the Bank's financial assistance to achieve sustainable results on the ground. The ISN was prepared as a transitory assistance framework, valid indicatively for a period of 12 to 15 months, and included a review mechanism at the end of that period specifying a number of preconditions that would need to be met for the Bank to reconsider the return to a standard assistance framework. Accordingly, this four year education APL to be implemented in two phases, with review mechanisms in between them was proposed. The first stage (US\$15 million out of the total APL cost of US\$40 million) concentrated on promoting communities' active participation in school decisions and strengthening MoPE's institutional capacity for results-based monitoring and management, both prerequisites for future World Bank-GoU cooperation under APL Phase 2. It has been observed elsewhere in this report that the two-phased design of the APL posed some challenges related to project implementation dynamics and results monitoring during each phase, yet, it should be noted that this phased approach was appropriate in light of the status of the World Bank-GoU partnership at appraisal and was aligned with the Bank's ISN FY07/08.

Project design was based on solid technical evidence. The Bank had conducted analytical work in the education sector and built sound policy dialogue through the Living Standard Assessment (LSA) and the Public Expenditure Review (PER) prepared in 2003 and 2005, respectively. Through this dialogue, the Bank successfully persuaded the Government to shift the focus of its education programs toward general school education.

Several lessons from other countries in the region were incorporated into the design. This was the first project undertaken in the education sector in Uzbekistan, so to a large extent, lessons were drawn from implementation experiences in other Central Asian countries, and to a lesser extent, the rest of the Europe and Central Asian region. A central lesson drawn from these experiences was that operating in an especially challenging environment such as Uzbekistan, with low capacity and limited resources, requires an especially high level of government commitment and ownership. This was secured from the outset.

Three main shortcomings were found by the ICR team.

The risk involved in partnering with a new client was underestimated. The risk associated with the MoPE's low capacity and lack of experience working with the Bank was assessed as *high* at appraisal. Nevertheless, it appears that this was not factored as highly when estimating the required implementation period for the Project, including necessary mitigation measures. Specifically, the time required for key start-up activities, such as hiring local consultants to support the implementation of each component and the time needed to train staff, were underestimated. Instead of the planned 18 months, the Project required an additional implementation period of 32 months. This issue and its implications are discussed further in this document.

Capacity assessments were inaccurate. The fiduciary assessment at appraisal focused mainly on the procurement capacities of the MoPE and did not assess larger procurement system issues that had a direct bearing on the Project (see Section 2.4). The same is true for the lack of institutional capacity assessment of lower-level institutions involved in key project activities, such as the MoPE-dependent State Agency Talimtaminot, which was tasked with disseminating teaching and learning materials procured under the Project. Better assessment of all governance levels would have opened the door to appropriate measures to fill the gaps.

The APL approach presented some challenges. The ICR team found the APL approach to supporting Government-led education reforms to be a mechanical solution by attempting to follow the dynamics of the Bank's partnership with the Uzbek Government by means of the 18-month ISN. On one hand, this offered the benefit of putting in place incentives to creating a more transparent and participatory education management context. On the other hand, it imposed some challenges in that the aims of Phase 1 were too short term and the monitoring and evaluation framework for Phase 1 was incomplete, among other issues (see Section 2.3). It was felt that perhaps a series of sector investment loans (SILs) should have been considered as an alternative approach to this APL, given the gradually reforming Uzbek governance framework.

2.2 Implementation

This evaluation rates Implementation as *Moderately Satisfactory* for the reasons discussed below:

Overall, project implementation was sluggish, but the majority of project outcomes were achieved (Annex 2). BEP 1 helped to make significant progress with regard to capacity building in several key areas. The MoPE successfully achieved the two APL triggers in October 2008 and showed clear commitment to reform in several important areas, in particular (i) increased community involvement through the active participation of school boards, (ii) development and testing of a national assessment of student learning, (iii) development of new materials for teacher training, and (iv) faster than expected

design and implementation of per-capita financing for schools. Despite positive progress in education reforms, however, the delays in procurement and delivery of learning materials meant students, teachers, and others were not able to benefit on time from the new materials and equipment, thereby jeopardizing achievement of the PDO. In 2010, for example, about half of the materials for preschools were delivered or were in the process of being delivered to preschools; the remaining materials were in the Tashkent warehouse awaiting delivery to oblasts and then preschools. The same happened with learning materials for grades 1 through 4, estimated at approximately 40 percent of project funds, with none of the learning materials selected by school boards being distributed to schools. For these reasons, project implementation and PDO achievement were rated *Moderately Unsatisfactory* for 2009 and 2010.

The key project events that affected implementation included the following:

Project implementation began when the overall operational environment for Bank-financed projects in Uzbekistan had improved. During the ISN period, the Uzbek authorities made progress with several structural reforms identified in the ISN, and the overall quality of the working relationship between the World Bank Group and the authorities became more demand driven. Since then, strong progress was noted in portfolio performance,² which resulted in the upgrading all problematic projects to *Satisfactory* and a significant improvement in disbursement ratios.

The MoPE successfully used local expertise to overcome implementation challenges. This project was the first education project financed by the World Bank in Uzbekistan and was implemented directly by the MoPE. With new clients, Bank-financed projects usually include a Project Implementation Unit (PIU), which handles capacity issues that typically plague new clients. Since this Project was implemented without a PIU, public officials were forced to learn Bank procedures and align them with existing country systems and practices. To overcome this lack of capacity, the MoPE hired local experts to support existing departments in their everyday work under the Project. These consultants provided pragmatic solutions and increased the effectiveness of the MoPE's project activities. The MoPE Deputy Minister provided political and institutional oversight of the Project.

Notwithstanding the satisfactory aspects of the implementation process mentioned above, the ICR team notes some shortcomings, hence the rating of *Moderately Satisfactory* rather than *Satisfactory*. The following are some noteworthy weaknesses.

Implementation of the first phase of the APL took longer than initially planned. Reflecting slow project start up and the slow procurement processes in Uzbekistan, project commitments and disbursements under BEP 1 were lower than desired. For example, as of the end of April 2009, BEP 1 disbursements were only at 9 percent and commitments almost one-third of the total loan amount. Disbursements remained significantly behind schedule in spite of some improvement made during 2010.

The content and scope of reforms envisioned to be implemented were considerable. These reforms aimed to introduce completely new concepts such as per-capita financing, school-based teacher training, or students assessments, including behavioral change for education professionals and the wider community, geared toward a more participatory and demand-driven approach to education management. Such reforms are believed to require more time than was available for the Project since in Uzbekistan, launching a project takes a significant amount of time, as documented by other sector projects, given the complex governance environment in Uzbekistan, which is well described by the Bank's ISN 2007/08. This was the first education project financed by the World Bank Group in Uzbekistan, which made start-up even more challenging.

World Bank Group, 2008, IDA and IFC Country Assistance Strategy for the Republic of Uzbekistan for the period FY08-FY11

The mainstreamed implementation approach chosen for this Project was challenging. This Project was the first ever implemented by the MoPE, and the decision was made not to include a Project Implementation Unit (PIU). Local experts were hired to work within several MoPE departments specifically to focus on project activities and to serve as transmitters of World Bank-financed procedures to the MoPE team. It was noted that coordination of the local experts with the departments to which they reported was problematic, and they largely felt more like part of the network of local consultants than their own department. The group of local consultants found that they worked more efficiently when they communicated directly with MoPE management since MoPE technical departments did not truly understand their modus operandi and BEP 1 modalities were not consistent with either MoPE protocols or GoU systems.

Incentives for MoPE staff contributing to project activities were not sufficient. It was noted that an additional burden was placed on public officials to learn World Bank procedures and align them with existing country systems and practices, as well as to contribute to a work-intensive experts group, which led reforms such as the planning and distribution of teaching and learning materials, preparation of materials for school-based teacher training, students assessments, etc. In general, the MoPE provided few incentives to these teams, and this occasionally contributed to diminishing staff morale and motivation.

Gaps and inefficiencies in the country's procurement system, including the controversial and lengthy process of international contract approval of public procurement, (detailed in Section 2.4), caused continuing bureaucratic complications and delays in project implementation. Weaknesses in the procurement systems were beyond the control of the Project and the MoPE team.

There were lags in the distribution of learning materials to participating preschools and general secondary schools by Talintaminot, a specialized MoPE agency tasked with distributing school inputs. The procurement of goods went smoothly in general, but the transfer of goods was not well coordinated from the central warehouse to districts and schools. A plan including budget estimates for distribution was initially not supported within the year the equipment was purchased; it was therefore considered in the following year's budget.

2.3 Monitoring and Evaluation (M&E) Design, Implementation, and Utilization

Design, implementation, and utilization of M&E are rated *Moderately Satisfactory*.

Design

The Project was designed to benefit from the existing MoPE ability to monitor learning outcomes. It also aimed to build upon the expertise developed during a MoPE–UNICEF Monitoring Learning Achievement exercise in combination with school-based data collection with a centralized and standardized (pilot) testing scheme. Such testing would provide comparable hard evidence on student performance and enable the MoPE to determine the Project's impact by comparing targeted school performance data with a control group made up of similar schools in other oblasts and rayons not participating in the Project. Standardized assessment data aimed to complement the already available classroom-based assessment data. In addition, the network of monitoring and evaluation specialists at both the oblast and rayon levels were to receive training and develop uniform data collection techniques to deal with each of the Project's components. This information was to be complemented by *beneficiary surveys* at both the local and regional levels, indicating teachers' satisfaction and perceived improvements in job conditions after receiving the new materials and equipment, as well as training that would provide information on project outputs and outcomes.

The ICR team notes that M&E design was consistent with the goals of the education sector, aimed to achieve a shift from classroom-based assessments to standardized ones. This design also sought to

measure project impact so as to inform decision making for additional education policy reforms. Important testing and measuring instruments for teachers and beneficiaries were planned so that enough information would be produced to measure the impact of the Project.

An important shortcoming noted relates to the APL results framework, which served both BEP 1 and BEP 2. The integrated results framework made it impossible to separate BEP 1 outcomes from the influence of BEP 2, especially since both phases overlapped, which may raise questions about the respective roles and impacts of BEP 1 or BEP 2 on education reforms in Uzbekistan. Furthermore, the integration of indicators was followed by a joint planning exercise for data collection and reporting without taking into consideration that BEP 1 would close after 18 months, requiring a snapshot to measure its impact at its closure. For example, beneficiary surveys were planned for years one and three, which fell beyond the scope of BEP 1, instead of years one and two, which could have served to measure the impact of BEP 1. The same was true of the two standardized tests that were planned for years one and three, which hinders our ability to compare the results of each at the close of BEP 1.

Another shortcoming noted was that insufficient time was allowed to develop and implement the above-mentioned M&E tools. Part of the problem stems from unrealistic forecasting of the Project's duration at the outset. Even for seasoned World Bank clients, 18 months might not suffice, while the MoPE had the additional challenge of coping with a significant lack of knowledge of and exposure to the use of sophisticated nationwide surveys, such as teachers' satisfaction surveys or beneficiary surveys, prior to the Project. The project baseline itself was developed around year four of Phase 1, not allowing adequate time for comparison with a successive measurement.

PDO 1³ did not adequately take into account the scope of BEP 1 in light of the considerable investments put forward by the Uzbek Government and other donors. Furthermore, PDO 1 aimed to prepare students for a globalized world, its success being measured by the respective PDO indicator reflecting the results of learning assessment pilots.⁴ It therefore represented an important output indicator.

Finally, inconsistencies were noted between the intermediate indicators mentioned in the Project Appraisal Document (PAD) and its Results Framework. There were fewer indicators mentioned in the PAD's annex than in the Results Framework, which created confusion for both the World Bank and the Borrower. Although the inconsistencies were not substantial, results monitoring was affected since different indicator sets were used on different occasions by both parties.

M&E Arrangements

The Department of Standards and Monitoring at the MoPE was in charge of coordinating the monitoring and evaluation plan for the Project. It was intended that the network of M&E specialists at the oblast and rayon public education departments would be fully involved in the process, from data collection to data analysis and reporting. Overall, the arrangements worked well, and contributed significantly to fostering ownership of M&E activities by all system agents. As noted earlier, the lack of experience and exposure to similar instruments created delays, for example with establishing the project baseline.

Implementation

³ PDO 1: *“Improved teaching effectiveness in general secondary education schools located in poor areas so that students graduate on time with the competencies and skills required to participate in a globalized world.”*

⁴ PDO 1 indicator: *“Student learning achievement as measured by a new standardized test to be administered to a sample of students in project and non-project schools.”*

The Project suffered from weak performance on this aspect, earning a *Moderately Unsatisfactory* rating for quite some time. Baseline data collection was slow, with late but meaningful engagement of technical expertise, and was completed only in early January 2009. On a positive note, the data collected was of a high quality, at which point M&E performance was upgraded to *Moderately Satisfactory*.

To improve monitoring and evaluation, the World Bank team organized M&E training through the World Bank Institute (WBI) from December 10–12, 2009 for the MoPE and the Teacher Training Institutes, including participants at the national, oblast, and rayon levels, with materials and examples tailored to education. The training was attended by 38 staff from the regional departments, central MoPE, representatives of the Center for Economic Research, and NGOs. Participants in the M&E course rated its overall usefulness higher than average compared to other WBI courses, which attests to the effectiveness of the agenda and appreciation of the fact that examples were tailored to education and Uzbekistan's specific context.

The impact of project effectiveness was measured through learning tests administered by an MoPE team to a sample of students. Surveys of learning tests covered a representative sample of students and schools that were included in the project as well as a sample of students and schools that were not included in the project. This served as the baseline for both phases of the APL. A similar survey is being planned for 2011 and would illustrate the project's impact on education attainment. Both surveys will be used to assess the impact of BEP 1 and BEP 2 on education outcomes in Uzbekistan since, as noted above, it will be difficult to separate the impact of each phase individually.

2.4 Safeguards and Fiduciary Compliance

The Project was rated C for environmental safeguards as major civil works were not envisaged. Fiduciary performance is rated *Moderately Satisfactory*.

The Project operated in a generally challenging fiduciary environment. The 2004 draft Country Financial Accountability Assessment (CFAA) ranked the country's fiduciary environment as extremely weak and the risk to public funds as high. The assessment revealed that public accounting systems functioned poorly and public sector transparency was inadequate at all levels of government. The main problems were (i) inadequate capacity in public sector accounting; (ii) poor financial reporting and audit arrangements; (iii) a weak internal control environment, including an underdeveloped internal audit system; and (iv) weak oversight arrangements by the legislature.

Procurement

Procurement performance at the close of the Project is rated *Moderately Satisfactory*.

Procurement activities were affected by the overall weak performance of procurement systems in Uzbekistan at appraisal. According to the World Bank and ADB joint country procurement assessment of Uzbekistan (2002), the public procurement system was substantially underdeveloped. At the time of project appraisal, it was concluded that the MoPE did not have the necessary capacity to conduct procurement for the Project. It was agreed with the MoPE that a procurement coordinator dedicated to the project, a local consultant, and an international consultant would be added to its existing procurement team. The international consultant would help the MoPE build its procurement team's capacity to a level where eventually it would be able to conduct all procurement for the Project. However, at appraisal, the team did not give adequate weight to some important bottlenecks embedded in the Uzbek procurement system, such as the following:

- 1) **Weak procurement processes in the country resulted in the Government's imposition of ex**

ante financial controls by the Treasury. The Treasury departments were responsible for verifying the prices negotiated by the procuring entity and the supplier. Should these prices be found to be outside of the norm, the Treasury would refuse to register the contract and would return it to the procuring entity for further negotiation. Although it is beyond this report's scope to analyze in detail the value of such a procedure, it is important to note that this procedure contributed to delays in the procurement cycle for several activities.

- 2) **A similar procedure exists with respect to contract expertise, involving price verification conducted by the Ministry for Foreign Economic Relations, Investment and Trade (MoFERIT) for all contracts involving imported goods.** Regulations governing all contracts involving imported goods have resulted in the MoFERIT conducting price verification for all contracts prior to their registration. Although the GoU attempted to reduce delays caused by these procedures, there are many cases in which delays in the processing of contracts have significantly exceeded the target of 10 working days⁵ specified in the regulations. In one case the MoFERIT delayed a contract for the procurement of teaching and learning materials more than 16 months, resulting in the withdrawal of the supplier; therefore, this contract was categorized as misprocurement. Another contract was held for more than 10 months before being certified.

Inadequate weight accorded to the concerns mentioned above contributed to an unrealistic and inadequate assessment of risks as well as a lack of mitigation measures to cope with delayed procurement and overall project implementation.

Another important shortcoming reported frequently in World Bank supervision reports related to the sluggish distribution of teaching and learning materials. This was linked to the weak performance of the specialized State agency tasked with disseminating school materials, as well as poor planning of this activity from the start. These delays were caused by the prolonged downgrade of procurement performance to *Unsatisfactory* or *Moderately Unsatisfactory* for quite some time. The ICR team could not determine definitively if the sluggish distribution of materials was a procurement issue or a project implementation shortcoming. Indeed, the procurement of materials went smoothly, while it seemed that the weak performance of the State agency responsible for delivering the goods was a management issue and might have been addressed as such.

The ICR team noted insufficient involvement of procurement staff from the MoPE's Department for School Endowments (DSE) in the Project's procurement activities, despite the fact that DSE was assigned responsibility for all MoPE procurement, including for BEP 1. The World Bank's procurement supervision reports for October 2008 and March 2009 concluded that the Project's local procurement consultant had gained adequate working knowledge of World Bank procurement procedures and guidelines and was carrying out procurement activities successfully, while the MoPE had insufficient DSE staff to provide strong support for BEP procurement activities in a timely manner. The question remains, however, whether in a context where the public procurement systems were not being used and are perhaps unlikely to be used in the near future, the MoPE's DSE staff would need to be involved in World Bank procurement, which is very different from current country procurement.

Financial Management

Financial management performance is rated *Satisfactory*.

⁵ World Bank Group, 2010, *Republic of Uzbekistan, Country Integrated Fiduciary Assessment*

Financial management arrangements were rated *Moderately Unsatisfactory* in 2008 owing to inadequate budget approval procedures within the MoPE and a lack of full project accounting and financing reporting procedures. In January 2009, the Bank carried out a financial management assessment of the MoPE, which concluded that the BEP 1 accounting system had improved, but was not yet capable of supporting the preparation of regular and reliable financial statements. Following implementation of the action plan agreed during the January 31, 2009 assessment, the project accounting system was modified to process all financial transactions under BEP 1. Since then, the MoPE has submitted quarterly financial management reports in a timely manner and their quality was generally found to be acceptable. The audit reports for the project were also submitted on time and issued unqualified opinions on the Project's financial statements, including the Special Account.

Disbursement: By the credit's closing date, US\$12.61 million of the US\$15.72 million available, or 80.2 percent of overall project resources, was disbursed. During the first years of the Project, low disbursement was linked to implementation delays, including lengthy international competitive bidding procurement procedures, and capacity improvements made by the MoPE to implement a Bank-supported project for the first time. Two other causes for low disbursement at project closure were:

Limits imposed beyond estimated project costs. Because of the US dollar appreciation vis-à-vis the local currency, the total credit increased by the equivalent of US\$1.6 million. The BEP 1 budget was originally approved in a Presidential Decree dated January 2, 2007 for a total of US\$15 million. Given the Presidential Decree's explicit ceiling, the MoPE experienced difficulties absorbing and planning for the additional funds.

Uncommitted resources: BEP 1 closed with US\$2.83 million in uncommitted resources, which includes US\$1.8 million from canceled non-performing contracts, penalties to suppliers, and savings from effective contract negotiation. Two important contracts had to be canceled owing to the failure of suppliers to deliver prior to the credit closing date; the reallocation of more than US\$1.5 million released from these contract cancellations shortly before the closing date could not be completed owing to time constraints.

Better forecasting and planning would have ensured better utilization of project funds to support the Uzbekistan education reform agenda.

2.5 Post-completion Operation

Next phase: The Uzbek Government and the World Bank started discussions on the second phase of this APL in 2008 when triggers from BEP 1 were met. BEP 2 was approved on October 15, 2009 and became effective on March 11, 2010, with a timeframe from October, 2009 to September 2013 at an estimated cost of US\$28 million.

BEP 2 builds on the capacity developed under BEP 1 by (i) further increasing community participation in school decision making and improving the quality of education through a new program of competitive grants for selected schools to finance subprojects; (ii) improving the skills and competencies of teachers through school-based teacher training on using child-centered teaching strategies and preparing a strategy for adopting School-Based Teacher Training; (iii) expanding the availability of learning materials to grades 5 to 9 in project schools in poor, rural areas; (iv) enhancing transparency, predictability, efficiency, and equity in school education financing through the expansion of per-capita financing to three additional oblasts; (v) assessing student learning over time through periodic standardized national assessments of student learning in grades 4 and 8; and (vi) developing results-based managerial and monitoring and evaluation capacity in the MoPE.

Sustainability: Project design sought to ensure sustainability. First, the Project provided complementary financing to the Government’s School Education Development Plan. Second, the Project was designed so that all activities were implemented through existing structures in the education sector, thereby increasing the likelihood that they would become an integral part of the Government’s program once BEP2 was implemented.

The key reforms introduced under the Project did not in fact represent additions to existing practices, but rather the evolution of existing practices or specific activities supporting planned reforms. For example, the project component on strengthening in-service training for teachers and principals did not introduce in-service training into the education sector, but rather modified the existing approach and methodology by enhancing an existing structure with more modern and innovative training. Similarly, the project component supporting involvement of the school boards was not focused on their day-to-day running, but rather on the establishment of school boards as a decentralized body that would foster greater community participation, accountability, and responsibility where it did not already exist. Finally, the project component on capacity building in education finance, budget management, and accounting responded to an immediate need for training on a new system of education finance. Additional capacity-building activities financed by BEP 2 or other sources can be integrated into existing training provided by the Ministry of Finance to staff of the Ministry of Public Education.

Maintenance: The bulk of project funds were used for provision of learning materials and other resources, which were not likely to result in sizeable maintenance. Maintenance costs and implications for the recurrent budget of the education sector are not likely to be substantial.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design, and Implementation

Objectives: The relevance of the Project’s objectives remains high, in relation to the higher-level government plans to improve the population’s welfare, as well as the Bank Country’s Assistance Strategy (CAS).

The Government of Uzbekistan remains focused on pro-poor policies and education quality. For Uzbekistan, the main goal under the MDGs is to reduce the poverty rate from 27.5 percent in 2000 to 14 percent by 2015. The Government has been increasingly concerned with the disconnect between the impressive economic results of recent years and the relatively modest reduction of poverty. In response to this challenge, the Government approved its first Poverty Reduction Strategy Paper (PRSP)—the Welfare Improvement Strategy 2007–2010 (WIS)—in September of 2007. The WIS recognizes that although the Government pays special attention to the development of social services, including health and education, the quality of these services still needs to be improved. In education, the Government’s objective is to maintain a high literacy rate, provide 12 years of mandatory free education, and improve the quality of primary and secondary education while maintaining universal access, thus the objectives of BEP 1 on equitable education for poor and rural communities and supporting teaching and learning toward education quality remain relevant.

Education is high on the agenda of the existing CAS FY08–11. The CAS program of support in the education sector is focused on enhancing quality and strengthening governance in the sector. Following up on BEP 1, BEP 2 supports the Government’s new basic education program, which addresses the previous bias in the provision of funding for education toward specialized secondary education and includes important policy innovations such as teacher incentives and greater involvement of locally elected school boards.

Project Design and implementation

In late 2005, around the time the Project was to be submitted for consideration by the World Bank Board, concerns about governance and corruption in Uzbekistan put the Country Assistance Strategy and the Project, which at that point had been designed as a four-year sector investment loan, on hold. As mentioned previously, this led to the development of an 18-month Interim Strategy Note (ISN) to allow Uzbekistan to demonstrate improvements in the country environment and in the provision of basic services for the population before moving to a full CAS. The ISN reflected the Bank's concerns at that time that in the existing environment in Uzbekistan it would be difficult for the Bank's financial assistance to achieve sustainable results on the ground. Accordingly, the Bank focused on technical assistance and advisory services, with limited lending to global public goods and support for basic social services, designed as a transitory assistance framework and valid indicatively for a period of 12 to 15 months. Consistent with the ISN, the original BEP was divided into a two-part APL, with the first phase lasting 18 months.

The approach of the ISN, and the triggers in the BEP to move from Phase 1 to Phase 2, emphasized openness and transparency, including in the collection and use of data in developing and evaluating programs as well as broader public participation in basic services in the country.

Given existing conditions, the design of the project and implementation arrangements were consistent with the Bank's partnership approach with the GoU, but the effects of the split into two phases of a project originally designed as a single unit were visible during implementation.

3.2 Achievement of Project Development Objectives

The ICR team rates the achievement of the PDO as *Satisfactory* based on the following considerations.

The Project Development Objectives were as follows:

1. Improved teaching effectiveness in general secondary education schools located in poor areas so that students graduate with the competencies and skills required to participate in a globalized world.
2. Improved efficiency of budget allocation and strengthened budget management and accounting in general secondary education.
3. Improved capacity of the Ministry of Public Education to implement and monitor investment programs.

These objectives were achieved by increasing the availability of teaching and learning materials in schools located in rural, poor areas; enhancing the capacity of teacher training institutions to introduce school-based teacher training strategies; increasing community involvement in school decision making; successful introduction of per-capita funding; and building project implementation, managerial, and monitoring and evaluation capacity in the Ministry of Public Education.

All learning materials (modern, low-cost, and high-impact) have reached 1,501 preschools and general education schools, with the exception of musical instruments, for which the contract has been canceled. Teaching and learning materials took much longer to deliver than envisaged because of the process used in Uzbekistan to register contracts made with international firms at MoFERIT and the delays in distribution of the learning materials to preschools and schools (Grades 1-4) by the MoPE distribution agency.

School-based Teacher Training strategies were introduced and accomplished the following: (i) 165 experts and facilitators have been trained; (ii) teaching and learning materials have been developed and provided to those trained; and (iii) School-based Teacher Training has been adopted just as the last items of equipment included under this component reached schools, rayon education departments, and the teacher training institutes. All outputs in this component were completed and the achievements of this phase were built on effectively, which allowed for on-time start-up of activities under Phase 2. Yet, a national SBTT strategy needs to be adopted in order to institutionalize these achievements. Local staff must gain additional capacities in order to sustain and further develop the achievements to date. **Instead of focusing on select oblasts as originally designed in the two phases, based on a Government decision, all schools in the country were moved to per-capita-based financing in January 2010.** According to anecdotal evidence, this was thought to be a more equitable system and is generating more efficient use of resources. For example, financial management staff report that the gaps in per-student expenditure among different regions has diminished; schools are motivated to keep students close to the school, so the total budget for schools is increased; and schools are planning more effectively and bringing classroom ratios closer to normal levels, resulting in more resources being made available for teaching- and learning-related activities, performance-based benefits for teachers, etc. The Project also used savings to provide computers for school accountants in additional oblasts to help improve their performance.

Project management competencies have been strengthened. However, there is room for improvement of the monitoring and evaluation system, which requires further strengthening as it continues to be implemented under BEP 2.

- The Project supported important steps toward openness and transparency in the sector: **At least 75 percent of targeted schools had their school board actively involved in the school’s needs assessment and the selection of learning materials under Component 1.** The process of actively involving school boards in needs assessment and the selection of learning materials included training school boards in ways to involve parents, teachers, and other community members in the process; in-school workshops on needs assessment methodology followed by the formation of working groups for data collection; surveys and input from parents and teachers; data analysis; developing each school’s list of its highest-priority teaching and learning materials; and submitting the school request forms to the MoPE. According to data included in the school request forms submitted to the MoPE, all project schools carried out needs assessment activities with active participation of the school boards. The MoPE also reported that schools used at least two methods—general interviews and questionnaires—to gather input from parents, teachers, and students. Site visits by the World Bank education team confirmed that the process was very participatory, following the steps suggested during training, and that school boards were enthusiastic about the process. Schools also posted detailed information at school entrances or other public places in the building describing school board training, community participation in needs assessment and the selection of learning materials, budget estimates, and final decisions.
- **Moreover, a standardized student assessment was conducted on a pilot basis on a representative sample of students in project and non-project schools.** The MoPE, with assistance from an international expert, designed learning assessment instruments for grades 4 and 8 based on tests used in international assessments of learning. The pilot of the first standardized assessment of student learning—mathematics and language for students in grade 4—was conducted in the fall of 2008 by trained facilitators in selected classrooms. A draft report analyzing the results from the assessment of grade 4 was presented to the World Bank in March 2009. The draft report indicated that the pilot was adequately carried out, especially for a first effort. A national standardized assessment for students in grade 8 was carried out in May 2009.

Project targets have all been achieved and the outcome indicators all show progress as planned. The gains made in this first phase of the Project have been essential to the satisfactory preparation and ongoing implementation of Phase 2. Since 2009, BEP 2 has continued to support government efforts to improve the effectiveness of teaching and learning through (i) targeted interventions in selected general secondary education schools and preschools in poor, rural areas; (ii) the development of institutional capacity to assess student learning; and (iii) the adoption of predictable and transparent school budgets in selected oblasts. It is envisaged that based on lessons learned from BEP 1, BEP 2 implementation will proceed more smoothly.

The following breakdown illustrates how PDOs were measured, based on the PDO indicators set, at appraisal.

PDO 1: Improved teaching effectiveness in general secondary education schools located in poor areas so that students graduate with the competencies and skills required to participate in a globalized world..

PDO indicator: Student learning achievement as measured by a new standardized test of learning achievement to be administered to a sample of students in project and non-project schools.

This PDO was achieved. The standardized student assessment was carried out for grade 4 in 2008. In 2009 the standardized student assessment was carried out for grade 8. We have argued elsewhere in the report that this indicator is not adequate for measuring this PDO which seems to point out a higher level of result than the indicator itself.

PDO 2: Improved efficiency in budget allocation and strengthened budget management and accounting in general secondary education.

PDO indicator: More equitable distribution and increased efficiency in budget utilization in general secondary education.

This PDO was achieved. Financing reform was piloted in Bukhara and was scaled up gradually throughout Uzbekistan. Based on the accepted financing formula, budget allocation per student was equalized at the school, rayon, and oblast levels throughout Uzbekistan.

PDO 3: Improved capacity of the Ministry of Public Education to implement and monitor investment programs.

PDO indicator: Information on baseline indicators is collected and analyzed at least once a year.

This PDO was achieved, albeit with delays. With local consultancy and support from the World Bank, a project baseline was reported in 2009 for the first time.

3.3 Efficiency

The specific attributes of the basic education subsector in Uzbekistan are such that the inequities do not lie predominantly in enrolment or attendance rates, which are almost universal. Instead, they are manifested in the school infrastructure as well as in the availability of learning and teaching inputs and the quality of teaching. They are also apparent between urban and rural and remote areas. Focusing on reducing such inequities by ensuring that all targeted schools had access to the same educational inputs is expected to have a positive impact on learning outcomes for basic education students.

According to the 2000 Program for International Student Assessment (PISA), three elements that when combined explain 69 percent of the differences between schools in terms of school performance are school resources, school context (including location), and student characteristics (including socioeconomic background, which is relevant here given the higher poverty rates in rural areas). Thus, by focusing on one of these three elements, project investments are expected to influence student performance.

At the same time, given that the second round of standardized student assessments will not be carried out until later this year as part of Phase II of the BEP, there is no evidence at present that indicates that the Project has had an impact on student performance.

3.4 Justification of Overall Outcome Rating

Rating: *Satisfactory*

Objective	Relevance	Efficiency	Outcome
Provide Learning Materials and Resources for Grades one to four of General Schools and Preschools.	High	Substantial	Moderately Satisfactory
Strengthen In-Service Training for Teachers and Principals in General Secondary Schools and Preschools.	High	Substantial	Satisfactory
Support Activation of School Boards	High	High	Satisfactory
Improve Education Finance, Budgeting Management, and Accounting	High	High	Satisfactory
Support Project Management and Results Management	High	Substantial	Moderately Satisfactory

3.5 Overarching Themes, Other Outcomes, and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

The primary rationale for using project funds to increase public funding of basic education in Uzbekistan is to enhance equity.

To address this, the MoPE applied three targeting criteria in determining which regions would benefit from project interventions: (i) the share of rural and remote schools in the rayon; (ii) relatively poorer rayons within an oblast; and (iii) those rayons that were considered “waterless and deserted areas.” The previous input-based education budgeting system resulted in substantial inefficiencies in resource use. According to a 2006 study, total per-student expenditures at the oblast level varied from a low of nine tenths to 1.3 times the national average, ranging from a high for Navoi oblast of 134 percent of the average to a low in Namangan oblast of 88 percent of the average (Vahram Avenasjan, 2006).

Component 1 of the Project focused on distributing teaching and learning materials in underserved rural, poor, and environmentally affected areas. As mentioned earlier, the analysis of results of the PISA assessing the learning achievement of 15-year-olds suggests that school resource availability is a key factor that could explain the differences in student performance between schools. It is likely that

improvements in school resources and the environment fostered by the Project would achieve better education outcomes in those disadvantaged areas.

School-based Teacher Training also had a positive impact in this regard since this type of training reached teachers in remote areas, mostly women, who otherwise could not benefit from training delivered centrally

Component 4 addressed the issue of significant regional disparities in per-student funding in general education schools. The development of the new mechanism of per-capita fund allocation, which is being implemented country wide with support from the Project and strengthened by managerial school autonomy, addressed this disparity and is promising to yield more equitable outcomes in the near future in all schools in Uzbekistan.

(b) Institutional Change/Strengthening

The most significant institutional gains of the Project refer to nationwide implementation of a per-capita financing formula and school-based teacher training mechanisms developed, as discussed in Annex 7. Presidential resolutions and Council of Ministers decrees stipulated both avenues and offer a guarantee of continuity of these reforms in the future.

(c) Other Unintended Outcomes and Impacts (positive or negative)

N/A

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

N/A

4. Assessment of Risk to Development Outcome

Rating: *Low*

The assessment of the risk to development outcomes is rated *Low*. This is directly linked to the Government's high commitment to education, and a continued Bank-Government partnership through implementation of BEP 2, the second phase following BEP 1. To ensure continuity of reform, the two phases were scheduled to overlap. The total project cost for BEP2 is estimated at US\$36 million and the government counterpart contribution will be US\$8 million. BEP 2 will be implemented over a period of four years to build upon, consolidate, and extend the capacity building results of BEP 1.

The MoPE is sustaining relatively high spending on education through another Mid-Term Budget Plan for education, so the ground is fertile for the reforms initiated to grow and mature further.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: *Moderately Satisfactory*

Bank performance in ensuring quality at entry is rated *Moderately Satisfactory*. The team understood well the country's education needs and prepared a flexible project expected to operate in a challenging and complex environment.

The team worked closely with the Ministry of Economy and the MoPE to identify key sector issues, define a strategy for best addressing those issues, and design interventions appropriately. The Bank team took into consideration lessons learned from other Bank-supported projects in Uzbekistan, experience in Central Asia with the implementation of education projects, as well as other development partners' work in the country. The planning and design of activities was particularly carefully done and reflects the detailed discussions with the client at appraisal and very good knowledge of the country's education issues. The Bank also took into consideration other donors' assistance provided to the sector, avoided any potential overlap, and learned from their experiences (UNICEF, ADB, USAID).

The weaknesses noted at entry relate to the over-optimism of the team regarding the MoPE's capacity to implement this Project within 18 months; the shortcoming in the design of the results framework, which did not separate arrangements for BEP 1 from BEP 2; and an inadequate assessment of the country's procurement systems, all of which influenced the overall pace of project implementation and resulted in the rating of *Moderately Satisfactory*.

(b) Quality of Supervision

Rating: *Satisfactory*

Overall, the quality of supervision of this project earned a *Satisfactory* rating by the ICR team due to the following features:

- The team prepared informative aide-memoires that provided guidance to the Government on areas needing attention while keeping management informed of the Project's progress and challenges.
- High-level technical assistance was provided consistently, for example, through the recruitment of a world-class international consultant on per-capita financing and teacher training. In addition, to overcome weaknesses with M&E, support was provided to the MoPE through free WBI training in Tashkent in 2010, with participation from the MoPE, teacher training institutes, NGOs, and rayon and oblast officials.
- Close and frequent supervision and follow-up were provided through missions in addition to monthly video conferences with the client on implementation (especially fiduciary) issues.
- The Project benefited from the leadership of three experienced TTLs from preparation to closing, and the ICR team noted no important transition issues. Each TTL contributed positively to the Project, from solid project design to an excellent spirit of cooperation with the client, which ultimately resulted in achievement of all development objectives.

The only shortcoming in supervision noted by the ICR team was a lack of follow-up with the client on the regular submission of Project progress reports during the project's early years.

(c) Justification of Overall Bank Performance Rating

Rating: *Moderately Satisfactory*

Based on the “Harmonized Evaluation Criteria for ICR and OED Evaluations” overall Bank performance for this Project is rated *Moderately Satisfactory*. This evaluation finds that the World Bank’s performance was *Moderately Satisfactory* at the preparation phase and *Satisfactory* during supervision. A fruitful partnership with the Borrower led to smooth technical and institutional collaboration during both stages. Flexibility was observed in the response to the country’s education needs, despite a complex and challenging environment at appraisal. A positive working climate was fostered with the client and high-level technical experts and contributed to achieving and exceeding project objectives. However, there were also important weaknesses stemming from the over-optimism of the team regarding the MoPE’s capacity to implement the Project within 18 months and an inadequate assessment of the country’s procurement systems, which influenced the overall pace of project implementation.

5.2 Borrower Performance

(a) Government Performance

Rating: *Moderately Satisfactory*

The Government of Uzbekistan showed great commitment to improving education outcomes in the country as well as to achieving all BEP 1 development objectives of. Since 2004, the Government had shifted its focus to general education through an increase in its expenditure on education to 9 percent of GDP. In addition, prior to project appraisal, the GoU had adopted the SEDP, aimed at achieving significant improvements in the school education system, including the upgrading of physical conditions in educational facilities, the development of educational policies aligned with international standards, the assurance of equal access to education, and the provision of quality educational conditions for children living in rural and urban areas. Apart from the MoPE which was the main implementer of the Project, higher-level institutions, including the President, Council of Ministers, and Ministry of Finance, showed clear commitment to the Project’s objectives, providing timely responses through the approval of Resolutions and other decision-taking instruments.

Despite the accomplishments described above, as explained in the fiduciary section, serious procurement bottlenecks affected project implementation. These issues are specific to the country rather than the Project as they relate to the way procurement systems are designed and work in the country: there is no unified procurement law in line with good international models and practices; no single institutional oversight or regulatory authority for public procurement; and lengthy price verification and contract registration procedures. Reforms in these areas, which have already started, will benefit implementation of other Bank-supported projects in Uzbekistan.

(b) Performance of Implementing Agency or Agencies

Rating: *Moderately Satisfactory*

The Project was designed to operate without a PIU, but with the help of local technical assistance to support several project activities, including fiduciary arrangements. At appraisal it was anticipated that there would be skills transfer from the local consultant to the respective departments, such that by the end of the Project their services would no longer be required. Due to the complexities of the country’s fiduciary systems and relative lack of experience with Bank-supported project guidelines and procedures, the weight and the routine of BEP 1 activities seem to have been borne mainly by those consultants. For

example, the MoPE Department of School Endowments (DSE), which was in charge of Procurement, was not very involved in project procurement activities, which were carried out primarily by the Project's consultants. This approach proved to be pragmatic and helped accelerate some procedures, given that this was the first Bank-supported project undertaken by the MoPE, but it did not allow for the DSE to further develop its procurement capacity. The question remains however if, given the conditions, the MoPE's DSE staff needed to be involved in Bank procurement, which is very different from public procurement, or whether the MoPE would opt for a PIU approach when considering arrangements for future World Bank-supported operations.

The capacities of the MoPE were improved through experience and training, including a workshop on "Strategic choices for Education Reform" in Kiev, Ukraine organized by the Bank, and training through the WBI on monitoring and evaluation.

One of the weaknesses in the MoPE's work was a lack of progress reporting, which improved only toward project closure. On a positive note, the final project report was prepared very well.

The other weakness noted in the MoPE's performance related to problematic and delayed delivery of goods by Ta'lim Ta' minot Agency, which seriously affected the pace of project implementation. Significant delays with delivery of teaching aids jeopardized achievement of the Project's PDOs as the students, teachers, and schools did not receive the materials they needed on time. The MoPE should address the performance of this agency and streamline the delivery of teaching and learning materials so to prevent a recurrence of this issue during BEP 2. It was also noted that other delays in procurement activities were attributed to the complex procurement systems in the country, including validation by several agencies, and do not reflect a lack of commitment or efficiency of the part of the BEP 1 team.

(c) Justification of Overall Borrower Performance Rating

Rating: *Moderately Satisfactory*

Overall, Borrower performance earned a *Moderately Satisfactory* rating due to the high priority accorded to education as illustrated in its considerable public expenditure on education in relation to OECD countries, sound national education policies that were well coordinated with the PRSP (WIS), good donor coordination and commitment to the Project's objectives. Improving overall procurement systems and capacities and stronger ownership of project implementation by all MoPE departments remain the main challenges.

6. Lessons Learned

Lessons learned through this project suggest the following:

Overall, education projects require time to achieve results and therefore should not be planned with too short time frames. If long time frames are not possible, teams should emphasize the need for as much work as possible to be completed up front to meet implementation readiness conditions, as well as the need to streamline implementation processes. They must also consider the extent of reforms and their sequencing, and perhaps plan for less ambitious reforms if time does not permit. This ICR notes that even the most seasoned Bank clients would need more time before engaging in country-wide activities, including international purchasing of teaching aids or even more sophisticated and intensive technical assistance reforms such as school-based teacher training, a financing formula, and student assessments. Extensions to the project may be a pragmatic solution, but still not a substitute for a realistic project time frame. Despite the fact that the Project was granted more time through three extensions, the client and Bank staff were caught up in the delivery of planned outputs within set deadlines instead of adopting a

longer-term holistic approach through the realistic planning needed for deep and sustainable reforms. In short, immediate concerns took precedence over the long-term sustainability of project outputs and outcomes.

The Bank could do more to better understand the nature of the public administration, procurement, and financial management systems of centrally planned economies within their specific working environment and culture, in order to encourage institutional reforms. Even the most sophisticated proposals on education reform may be at risk of failure without better planning regarding how those will operate in the existing context. A comprehensive fiduciary assessment covering country systems and the implementation agency that were in place at the time should include an assessment of affiliated structures and agencies involved in operations, for example Talimtaminot agency, and seek to include them in an institutional reform process to increase system efficiency and performance. Understandably, country systems are beyond the scope of an education project, and as such belong to a higher-level agenda. Yet, reform within institutions implementing the project must be envisaged. For example, the poor performance of the State-owned enterprise responsible for dissemination of teaching materials greatly hampered the timely provision of teaching and learning materials to schools, thus delaying project implementation. A better assessment of the capacity gap of this agency from the start may have been addressed as part of the Project in Component 5 to ensure better performance in BEP 2 and sustain future MoPE investments.

Using APLs to program relatively traditional investment in a sector over two phases and a relatively short implementation period (1.5+4 years) may not be the best use of the instrument. When the Bank intends to support a government's long-term program through investment operations, the choice is often between a multi-phased APL and a series of specific sector investment loans (SILs). The main distinction between multi-phased APLs and a series of SILs is that APLs are formally embedded in a long-term program with clear objectives and predefined parameters to move from one phase to the next, which introduces more rigor to the plan to meet agreed objectives than a series of SILs. Furthermore, APLs represent faster transactions. The ICR team noted perhaps an over-optimistic intention to help the Uzbek authorities move quickly on reforms, while in reality, Uzbekistan's fundamental development principle is "gradualism." Indeed, it seems that the APL approach to supporting Uzbekistan's education reform in fact revealed several features of a SIL series. The significant extensions needed to complete BEP 1 may have been an indication that the limited time frame provided, not the nature of the intervention, called perhaps for a series of SILs in the context of a gradually, rather than fast-reforming, economy.

The benefits of a mainstreamed implementation approach for a World Bank project versus a PIU/PCU arrangement, in a country with inadequate fiduciary systems, needs to be considered carefully. The Project aimed to introduce World Bank procedures and practices through some local consultants who would help MoPE departments to implement project activities, and would report to MoPE departments to which they were assigned. The team would also transmit knowledge to all MoPE staff until their services would no longer be needed. We note that the team of consultants performed well, but did not feel connected to their own departments. They faced coordination constraints with MoPE mechanics as their agenda and work methodology was very different from MoPE operations. By Project closure, the consultants had formed direct working communications among each other and up through MoPE management, creating a virtual PIU, which contributed to implementation efficiency, but not to knowledge transfer or team spirit. We noted that although the MoPE's commitment to the Project was very high, the MoPE team showed no interest in learning about World Bank procedures since country systems were very different from those at the Bank and may remain this way for a while. Alternatively, a PIU/PCU approach may have been more beneficial to project implementation given the level of development of the Government's fiduciary systems and may have created better internal coordination with the MoPE and fostered a more formal relationship with the project team.

Projects targeting behavior changes need to plan well in order to achieve success since behavior change is usually gradual and cannot be accelerated using mechanical measures. Given that the BEP aimed for significant behavior change in the operations of the MoPE, local schools, and communities, including in the collection and use of data and the participation of communities in decision making, implementing these changes takes even longer. Time is required in order to understand and accept the steps involved, including exactly what the changes are and why they will be beneficial. Hence, more time should have been provided within the life of the project for these changes to take place.

Another lesson learned concerns the learning curve for techniques required of any new agency—such as the MoPE—implementing a Bank-financed project for the first time. This curve is rather steep and should be taken into account in the technical support strategies, implementation pace, and project timelines. It is commendable that the Bank team brought world-class technical expertise to the client. However, in countries such as Uzbekistan where few people have international experience, it is equally useful to expose key policy makers to developed and reformed education systems rather than simply bringing technical assistance into the country.

Finally, the ICR team suggests that the Bank team find ways to ensure that knowledge transfer happens within countries with shared interests in education reform. The team should capitalize on the significant gains of the Project, such as the per-capita budget allocation reform, which represents a major achievement worth sharing, while encouraging the use of internal or external instruments to ensure that the knowledge and experience is used by other client countries.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

(b) Cofinanciers

(c) Other partners and stakeholders

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD million equivalent)

Components	Appraisal Estimate (USD million)	Actual/Latest Estimate (USD million)	Percentage of Appraisal
Learning materials and resources for general secondary schools	9.319	6.905	74
Strengthening of in-service training for teachers and principals in general secondary schools and preschools	3.446	2.203	64
Support to school boards	0.157	0.049	31
Education financing and results management	0.825	3.587	435
Project management and results management	0.406	0.403	99
Total Baseline Cost	14,153.00	13,147	92.9
Physical Contingencies	631.00	0.00	0.00
Price Contingencies	333.00	0.00	0.00
Total Project Costs	15,118.00	13,214.29	87.4
Front-end fee	0.00	0.00	.00
Total Financing Required	0.00	0.00	

(b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD million)	Actual/Latest Estimate (USD million)	Percentage of Appraisal
Borrower		0.118	0.017	14.40
International Development Association (IDA)		15.00	13.197	88.00

Annex 2. Outputs by Component

This APL consisted of five closely inter-related components grouped into two main areas. The first area consisted of three components all oriented toward the improvement of learning and teaching conditions in general secondary schools located in poor areas. Component one focused on improving students' learning conditions in preschools and general secondary schools through the provision of learning materials and equipment. The second component aimed to improve the quality of teaching in those schools by upgrading teachers' skills and competencies and by promoting cooperation-based methods in schools. The third component improved learning conditions by stimulating and strengthening community participation in school decision making.

The second area consisted of two additional components oriented toward improving the management and monitoring capacity of the sector. Component four aimed to improve efficiency in the allocation and utilization of public financial resources in education by strengthening the capacity of the sector in budget planning and execution. The final component strengthened the capacity of the Ministry of Public Education to effectively manage and coordinate implementation of the project and to monitor its progress and impact.

As explained in the ICR report above, the implementation of this APL was planned in two phases. The first phase set up conditions for stimulating community involvement in school decision-making processes through the activation of school boards, strengthening the capacity of teacher training institutions to provide training to an increased number of teachers during a given academic year, and introducing per-capita funding in general secondary schools. During this phase, the MoPE improved learning conditions in preschools and in grades 1 through 4 in participating schools through the provision of teaching and learning materials and enhanced its capacity to implement investment programs and monitor and evaluate the impact of interventions with a special focus on assessing progress on students' learning.

Component 1: Provision of Learning Materials and Resources for Preschool and for Grades one to four of General Schools and Preschools (US\$9.8 million)

The overall objective of this component was to improve the quality of teaching and learning in the targeted schools by providing them with modern, low-cost, and high-impact learning materials and resources, in full alignment with the priorities and ongoing SEDP activities (2004–2009) and in coordination with education projects supported by other donors.

Over the life of the project, this component supported 1,501 general secondary schools and 673 preparatory groups in 598 preschools in 35 rayons located in seven oblasts by financing the following activities: (i) provision of learning materials and resources to participating preschools and stand-alone primary schools; (ii) demand-driven provision of learning materials and resources to participating general secondary schools; (iii) organized training to rayon heads, inspectors, officials in charge of monitoring and evaluation, and heads of the centers of vocational orientation and psychological counseling, as local implementation agencies and actors for this component.

In general secondary schools, the project promoted full participation of school directors, teachers, and parents in the selection of materials and equipment through active dissemination of information and a set of procedures designed to ensure a demand-led approach. Initially, international and local experts were hired to upgrade procurement procedures in accordance with World Bank procurement methods. The overall needs assessment of learning materials and resources in general secondary schools was done through standard request forms (School Request Manual, SRM) prepared by schools on the basis of an evaluation of their individual needs, priorities and capacities. The School Request Manual was used to

carry out inventory, which helped update the information obtained in 2004 and took stock of the various different sources of support for materials and equipment in participating schools. All this stimulated the demand-driven approach to choosing materials and equipment that this project component aimed to attain. The MoPE guided schools in the preparation of their requests and priorities by issuing proper policies, established the evaluation criteria for school requests, provided procurement oversight, and distributed materials.

A budget for every school was calculated according to a formula developed by the MoPE. This formula took into account the number of students and classrooms and the remoteness of schools from the district center.

Criteria for evaluation of school requests included the following: (i) compliance with the assigned budget ceiling or lump-sum; (ii) consistency of the request with the declared inventory of materials and equipment; (iii) continuity and innovation between current and proposed classroom practices; (iv) the number of teachers and students who would use the materials and equipment; (v) the number of different subjects and areas in which the materials and equipment would be used; (vi) awareness of the needed methodological changes; and (vii) the feasibility of maintenance plan.

Outputs of this component were the following:

- Two resource materials on how to prepare school-based needs assessments and how to prepare requests for learning materials were prepared and published and 4,600 copies were distributed among participating schools.
- From October 2007 to February 2008 information-training sessions were organized for facilitators from district and regional departments. Methodologists from 28 project districts took part in the workshops. More than 70 workers from district and regional public education departments were involved to this process.
- Following the training of methodologists and education district workers, additional seminars on the assessment of school needs and priorities were held in 28 districts with all 1,501 project school representatives and school board members. Subsequently, other seminars were organized in schools with teachers of primary grades, parents, and all school board members in order to familiarize them with the agreed list of teaching and learning materials and with methods of assessing school needs and defining priorities for each school. Of all school board members, 10,793 or 79 percent participated in the assessment of school needs and setting of priorities, demonstrating the high level of interest in the process.
- Based on schools requests, a final assessment report on teaching and learning materials was drafted. In total, the list contained 56 items, costing approximately US\$4.7 million. The delivery of these materials started around October 2009, but was significantly delayed for two reasons: delays with international contract registration and price verification by MoFERIT and sluggish dissemination of materials by the State enterprise responsible for school material dissemination, Talimtaminot.
- A second round of seminars was held in all regions on the application of teaching materials received at which IT applications were also demonstrated. Samples of lessons on native language, mathematics, and other subjects on the curriculum were presented. More than 3,000 teachers, school principals, methodologists from district and regional DPEs, and members of school boards participated in these seminars. In the course of project realization, during the 2007–2010 period, 1,501 comprehensive secondary schools and 598 preschool institutions located in rural and remote areas of project regions were included in the project actions. Direct beneficiaries of the project included the following:
 - 626,150 students of project primary and secondary schools and schoolchildren aged 5-6 in preparatory groups in the selected preschool institutions.

- Teachers and principals from secondary comprehensive schools involved in the project who use teaching materials in teaching and the educational process.
- 673 leading kindergarten teachers of preparatory groups in 598 selected preschool institutions who use new materials and aids at preschool lessons.

Component 2: Strengthening of In-Service Training for Teachers and Principals in General Secondary Schools and Preschools (US\$3.8 million)

The long-term objective of this component was to enhance the quality of teaching and learning in 1,501 general education secondary schools and 598 preschools located in 23 rayons (in reality, the project delivered 35 rayons) and seven oblasts. The APL Financial Agreement of 2007 mentioned the following activities listed for BEP 1: (i) design of training modules and assistance with the production and distribution of teacher training materials; (ii) provision of training equipment; and (iii) introduction of SBTT strategies in the two republican teacher training institutes and seven regional teacher training institutes.

The Project contributed toward strengthening capacities in the Republican Institutes and Regional Teacher Training Institutes (RIPTT and RITT) to provide training to a larger number of teachers. To achieve this objective, the Project helped to mainstream the use of school-based teacher training strategies and to provide this as an alternative to the current system of individualistic, supply-driven training. International technical assistance was hired to help with the development of school-based training modules and materials, monitoring and evaluation strategies, as well as provision of teaching equipment and materials for the Republican Institutes, Regional Teacher Training Institutes, Rayon Methodological Centers, and School Teachers' Rooms.

By the end of Phase 1, a total 163 facilitators were trained to start working with school teachers' teams during Phase 2 of the project. They were equipped with a set of teaching materials to facilitate their work.

During Phase 1, progress in the implementation of this component was monitored and assessed by keeping track of the number of facilitators trained and the number of training materials prepared and distributed.

During the first phase of the project, members of expert groups were selected from among employees of the two republican teacher training centers based on trainers' skills writing training-methodical materials, research skills, and pedagogical experience.

Two international consultants were hired to help local consultants and members of expert groups to prepare educational programs/modules for seminars on the preparation of facilitators, principals of schools/preschools, and teachers of schools/preschools. As a result, the following modules were prepared and published:

- for facilitators in a school area—780 copies;
- for facilitators in a preschool area—660 copies;
- for school principals—4,032 copies;
- for methodical groups of school teachers—6,740 copies;
- for preschool principals have been developed and prepared for printing;
- for collectives of teachers have been developed and prepared for printing;
- for methodical groups of preschool teachers have been developed and prepared for printing.

The ICR team notes that this component in particular required extensive contributions from the local group of experts, which was given additional work without sufficient incentives, apart from a few occasional premiums. This affected the level of motivation within the team and created challenges in the implementation of this component.

Some 104 school facilitators and 82 preschool facilitators were identified based on their skills, including their general pedagogical experience, their work experience in a given position, and whether they possessed trainer skills. Interviewing and testing were carried out, with tests including theoretical-practical questions on interactive methods and styles of teaching, technology related to the organization of the educational process, and pedagogical situations demanding application of pedagogical and trainer skills. All selected facilitators were prepared for training in Tashkent (2008-2009) and facilitators received certificates.

By the end of 2010, the curriculum for school principals and methodical groups of teachers with the participation of trainers and facilitators was completed. The system of drafting, revising and completing educational modules was developed. Work on formation of a new group of authors-developers of modules for principals had been carried out, with the participation from leading experts in the country. In June–July 2010, training seminars for school principals (to be funded through Phase 2) were held.

During seminars some drawbacks of the modules were revealed and recommendations for the improvement of materials were collected. As result, modules for school principals were revised.

For effective and systematic introduction of a new model of in-service training of teachers, the decision to develop a strategy for School-based Teacher Training was made by the MoPE. The development of this SBTT strategy is taking place under the second phase of the BEP.

Under BEP 1, under this component training equipment was delivered to 1,501 comprehensive schools, 23 rayon methodical centers, and 598 preschools centers. Other additional equipment was purchased with recovered resources and delivered to 12 rayon DPEs, seven oblast Institutes of Teacher Training, seven oblast Departments of Public Education, and the Avloni institute.

Component 3: Support activation of school boards (US\$0.17 million)

The objective of this component was to contribute to the improvement of school environments and student learning achievements by strengthening and stimulating community participation in the school decision-making process. During BEP 1, the project supported the establishment and operation of school boards as an instrument for the implementation of the National “Oila-Mahalla-Maktab”⁶ Concept, and helped to increase the number of education specialists at all levels of the education system with the knowledge, competence, and skills to promote activation of school boards and community participation.

In each rayon, a team of certified facilitators consisting of one certified oblast specialist and several certified rayon specialists were responsible for training school directors on school board activation and on how to involve the school community in needs assessment and prioritization. These facilitators trained school boards on the preparation of school grants provided under the project during Phase 2.

The project also financed all training and promotion activities needed to involve parents and other members of the school community in school activities, such as in the process of selection of teaching and learning materials.

⁶ “Family-Community-School” Concept

Based on information gleaned from the survey, the level of participation of school boards in school decision making was very high. For example, all 1,501 project schools provided an estimate of the requirements for primary school. Of all members of school boards, 10,793 persons—or 79 percent—took part in estimating school needs and selecting priority needs to be included in school applications for the reception of teaching and learning materials. As a whole, 148,121 representatives of the public have been interviewed, of whom 120,964 were parents and members of boards, and the remaining 27, 157 teachers of primary schools.

A World Bank mission in October 2008 noted that at all pilot schools, school boards actively participated in estimating the requirements of primary schools and selecting the highest priority materials to be included in school applications. The report also noted that the degree of activity of the school boards exceeded the target for the activity, that is, more than 75 percent. In addition, during meetings with representatives of schools and members of school boards, the overwhelming majority asserted that at a district level, trainings on estimating requirements and the teaching materials delivered appeared to be very effective and useful. Achievement of significant progress on the activation of school boards was one of the conditions for the transition from Phase 1 to Phase 2 of the Project. It was expected that after eight months of project implementation, at least 75 percent of schools would have school boards actively participating in school needs assessment and prioritization. This target was achieved in 2008.

Another important activity was the development of educational modules for the writing of qualitative project proposals for competitive financing allocated within the limits of the second phase of the project.

Component 4: Improvement in Education Financing, Budgeting, and Management

The overall objective of this component was to improve the efficiency of general secondary education financing by building capacity in the education sector for budget planning and formulation, management, and accounting, and expanding per-capita financing in the sector.

With support from a financial management local consultant, the Department of Forecasting, Financial Management, and Accounting of the MoPE provided overall coordination and implementation of this phase, and after a period of training, gained considerable capacity to implement this reform and manage this new system.

The MoPE hired technical experts to help with education financing reform and through this experience were able to (i) learn from the experience to date of the Akkurgan pilot in per-capita financing in the education sector; (ii) assess the merits of the different capitation financing formula options available to Uzbekistan; (iii) design a detailed implementation plan for expanding per-capita financing to the oblast level, including detailing the necessary legal and institutional preconditions for scaling up; (iv) design training materials for different actors; and (v) design an M&E mechanism to assess the results of financing reforms, including updating and revising the capitation formula if necessary. The choice was made to implement per-capita financing in education in Bukhara oblast first.

Development of the normative legal basis required to implement per-capita financing in schools began with the adoption of the Presidential Decree No. 3857, “On improving the mechanism of financing of the public education institutions,” dated February 26, 2007, and the Resolution of the President of the Republic of Uzbekistan No. 609, “On measures to order the typical staff of the secondary schools,” dated March 29, 2007. According to the regulations above, all secondary schools of the republic held the status of legal person and, from July 1, 2007, were eligible to receive funds by the regional financial authorities.

Another Decree of the President of the Republic of Uzbekistan No. 744, “On the forecast of main macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2008,” dated December 12, 2007, allowed for implementation of per-capita financing in schools from 2008 in Bukhara and Fergana oblasts and Tashkent city. For the first time, the allocation of resources for education had the following features:

- Budgeting was based on output indicators (e.g. number of students), and not based on cost rates;
- Oblasts received equal funds per student
- Per-capita financing for schools was implemented with other measures aimed at increasing the autonomy of schools.

The implementation of per-capita financing began from January 1, 2008 with the adoption of the Resolution of the Ministry of Finance and Ministry of Education of the Republic of Uzbekistan Nos. 8 and 14, “On approval of the basic cost rates per student of the secondary schools in Bukhara and Fergana oblasts and Tashkent city for 2008,” and dated March 14, 2008.

Financing reform was projected to start in Bukhara oblast as it is an area in which other components of the Project are being implemented. However, as per the Resolution of the President of the Republic of Uzbekistan No. 744, “On the forecast of main macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2008,” dated December 12, 2007, a decision was made to implement per-capita financing in schools from 2008 in Bukhara and Fergana oblasts and Tashkent city. In 2009, another Resolution of the President of the Republic of Uzbekistan No. 1024, “On the forecast of main macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2009,” dated December 29, 2008, extended per-capita financing in schools to three additional oblasts: Namangan, Khorezm, and Syrdarya.

In designing the per-capita financing formula, experts considered international experience with similar formulae, such as the experience with the Akkurgan pilot. Based on the practice of implementing per-capita financing in three oblasts in the first year and in six oblasts in the second year, a number of shortcomings were addressed and changes were incorporated into the new regulations on the procedure for establishing a school budget for 2009 and 2010, when per-capita financing was implemented nationwide.

An MoPE interim evaluation of the transition to per-capita financing revealed a number of advantages:

- School autonomy in decision making on financial matters was increased; all schools in the country hold the status of legal person and have their own accountants;
- Allocation of funds to schools was equalized; each school receives a budget allocation according to the number of students in the school.

Component 5: Support for Project Management and Results Management (US\$.44 million)

The objective of this component was to enhance the capacity of MoPE line units to effectively coordinate and implement the Basic Education Project.

To ensure satisfactory coordination among components and to improve overall strategic planning, a Steering Committee was established within the MOPE, led by the Deputy Minister of Education for Economics and Finance.

The monitoring and evaluation subcomponent was managed by the Department of Education Standards Improvement and Implementation of Advanced Educational Technologies.

Each department in the Ministry with responsibility for a project component received a full-time local consultant to provide additional support to that unit. In addition, local consultants supported the Ministry in four areas: procurement, financial management, overall coordination, and monitoring and evaluation. MoPE capacities to implement a World Bank project have increased significantly.

National student assessment instruments were developed within the framework of the Project and a national assessment was conducted for grades 4 and 8 of general education schools. Based on the results of the assessments, teachers with low indicators were identified. This category of teachers was sent for professional development.

Testing was conducted in October 2008 among 4th grade students. Local experts were hired to help prepare test assignments on reading and mathematics. Two groups consisting of seven to nine monitoring specialists were formed in order to conduct testing in seven pilot oblasts (Bukhara, Syrdarya, Surkhandarya, Samarkand, Navoi, Khorezm, and Tashkent city). Schools in these regions were chosen by random sampling. More than six thousand 6,000 students, on average 10 percent of the total number of 4th grade students in these regions and representing 5 percent of schools covered by the Project, took part in the testing.

Test results were assessed on a scale with an average of 500 points, as in international tests such as PISA and PIRLS, and attention was focused mainly on how students applied the knowledge gained. As expected, the schools to be covered by the Project—which also represented the most under-served schools—performed worse than other schools. Other tests conducted under BEP 2 will show the progress of students over time and reveal the Project’s impact on education outcomes in Uzbekistan.

A report on the test results was prepared and disseminated through a special republican workshop, followed by other workshops in each oblast. Thus, the task of conducting and disseminating the results of the Standardized Assessment of Learning Achievements of 4th grade students was carried out successfully.

In 2009, the same testing process was conducted among 8th grade students in reading, native language, and math. Random sampling of students was carried out according to the previously prepared lists of 8th grade students throughout the country. More than 10,000 students from all of the regions have participated in testing representing 10 percent of the total. Test results for 8th grade students were assessed on the same scale with an average of 500 points as the test results for 4th grade students. In addition, individual questionnaires for students and teachers of native language and mathematics were also been prepared and circulated.

The test results were compared across regions, between cities/villages and boys/girls on reading, mathematics, and native language. The results of the National Assessment of Learning Achievements of 8th grade students were reviewed by the Board of the Ministry of Public Education of Uzbekistan in order to inform policy making. For the purposes of disseminating the results of the National Assessment of Learning Achievements of the 8th graders, special workshops in each oblast center were organized, attended by monitoring specialists, methodologists, teachers of Teacher Training Institutes and secondary school teachers.

Annex 3. Economic and Financial Analysis

N/A

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Ernesto Cuadra	Lead Education Specialist	ECSHD	TTL
Michael Mertaugh	Lead Education Specialist	ECSHD	Reviewer
Ross Pavis	Operation Officer	ECSHD	Operations
Dilnara Isamiddinova	Country Officer	TASWB	Operations
Saodat Bazarova	Operations Analyst	DYUWB	Operations
Dina Abu N. Abu-Ghaida	Senior Economist	ECSHD	Economic analysis
Flora Salikhova	Operation Officer	ECSHD	Operations
Gulnora Kamilova	Team Assistant	ECCUZ	Logistics
Naushad Khan	Lead Procurement Specialist	ECSPS	Procurement
Gabriel Francis	Program Assistant	ECSHD	Logistics
Nikolai Soubbotin	Sr. Counsel	LEGOP	Legal
Dilek Barlas	Sr. Counsel	LEGOP	Legal
Hannah M. Koilpillai	Finance Officer	LOAG1	Financial Management
Andrina Ambrose-Gardiner	Finance Officer	LOAG1	Financial Management
Juan Manuel Moreno	Sr. Education Specialist	HDNED	Technical Expertise
Norpulat Daniyarov	Financial Management Specialist	ECSPS	Financial Management
Nodira Khusanova	Consultant		Technical support
Khamdam Tadjiev	Consultant		Technical support
Ernesto Cuadra	Lead Education Specialist	ECSHD	Technical Expertise
Michael Mertaugh	Lead Education Specialist	ECSHD	Technical Expertise
Supervision/ICR			
Dina N. Abu-Ghaida	Program Manager	MNC04	Peer reviewer
Iqboljon Ahadjonov	E T Consultant	ECSH1	Operations
Galina Alagardova	Financial Management Specialist	ECSO3	Financial Management
Ernesto P. Cuadra	Lead Education Specialist	MNSHE	Task Team Leader
Oydin Dyusebaeva	Team Assistant	ECCUZ	Processing
Gabriel C. Francis	Program Assistant	ECSHD	Processing
Dilnara Isamiddinova	Senior Operations Officer	ECSO1	Operations
Gulnora Kamilova	Program Assistant	ECCUZ	Processing
Sachiko Kataoka	Education Economist	ECSH2	Education Financing
Naushad A. Khan	Lead Procurement Specialist	SARPS	Procurement
Cem Mete	Senior Economist	SASSP	Economic Analysis
Imelda Mueller	Operations Analyst	ECSH2	Operations
John Otieno Ogallo	Sr Financial Management Specialist	ECSO3	Financial Management
Juan Prawda	Consultant	LCSHE	Education Expert
Fasliddin Rakhimov	Procurement Specialist	ECSO2	Procurement
Flora Salikhova	Consultant	ECSHD	Operations
Ana Maria Sandi	Consultant	ECSHD	Education Expert

Scherezad Joya Monami Latif	Senior Education Officer	ECSHD	Task Team Leader
Maureen Anne McLaughlin	Lead Education Specialist	ECSHD	Task Team Leader
Gentjana Sula	Operations Officer	ECSHD2	ICR Team leader
Yuling Zhou	Senior Procurement Specialist	ECSSO	Procurement

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD thousand (including travel and consultant costs)
Lending		
FY05	25	102.71
FY06	65	304.11
FY07	24	107.14
Total:	114	513.96
Supervision / ICR		
FY07	25	103.99
FY08	52	235.03
FY09	30	126.92
FY10	34	149.96
FY11	23	81.51
FY12	2	1.50
	166	698.91

Annex 5. Beneficiary Survey Results

N/A

Annex 6. Stakeholder Workshop Report and Results

N/A

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

A condensed Borrower's report provided this information:

Component 1: Provision of primary schools and preschool institutions with training-methodical materials and aids (total cost: US\$9.8 million)

Concise description, coverage, and objectives

The general objective of this component was to improve professional skills and assimilation of knowledge in selected schools by providing them with modern training and methodical materials and resources. This task was carried out in full compliance with the priorities of the "State nationwide development program of school education in the course of 2004-2009" and in close collaboration with educational projects financed by different donors, also focused on training-methodical materials and resources. The Ministry of Public Education (MOPE) had selected 28 districts from seven regions to be the beneficiaries of this component, which covered 1,501 comprehensive secondary schools and 598 preschool institutions.

Short-range objectives of the component are as follows:

- 1) Improve learning conditions and teaching quality in selected rural schools situated in remote areas by consigning first-priority training and methodical materials and other necessary equipment to them.
- 2) Provide resources that facilitate access to Training-Methodical Materials and Resources (TMMR) in rural/remote schools, which consequently helps narrow the resource gap between rural and urban schools.

The Ministry of Public Education drew up a list of training-methodical materials for grades 1 to 4, including 56 titles, in coordination with the World Bank. The basic criteria for TMMR selection took into consideration age; the degree of their application not at separate lessons on a certain subject, but universally; their application outside of class and after hours; their orientation with respect to development of the communicative competence of students'; the introduction of active modes of study; and the development of students' logical thinking skills.

During the first stage of the Project, acquisition of TMMR for preschool institutions and primary comprehensive schools was financed. Decisions on what TMMR would be received by each school depended on the requirements of the school. Thus, active participation of the school community, parents, and school boards was required. Rule-based tutorials such as the "Manual on compiling school applications on reception of a package of training-methodical materials for 1-4th forms" and the "Estimation of school requirements for training-methodical materials and resources with school community participation" were given all secondary comprehensive schools. A total of 4,600 copies of these methodical manuals have been published: one copy was delivered to each district DPE and regional DPE and three copies to each project school and to facilitators. Based on its requirements, each school submitted an application by choosing the necessary TMMR from the list offered by the MoPE.

Coordination and component completion

A central administrative board tasked with the development and organization of the teaching and educational process in educational institutions under the MoPE was the basic body responsible for realization of this component. An interdepartmental coordination group has been created, composed of chiefs of leading departments of the Ministry of Public Education. The group's activity has resulted in the

creation of a special form for school applications on reception of training-methodical materials and resources. A key feature of the application is that it is filled in collaboration with members of a school board. The list of training-methodical materials is defined based on an assessment of schools and an analysis of the requirements, and conducted with the participation of the school community, namely teachers and parents. According to the design of the Project, members of a school board should play a lead role in defining the requirements and testifying to the results of the estimation on the application.

Overall, 28 regional public education departments were represented as the units responsible for daily interaction with schools. Heads of district DPEs served as coordinators to achieve the goals of the component at the district level. Methodologists of district DPEs provided the necessary methodical assistance. In addition, seven regional public education departments coordinated activities under the component in all project areas and were engaged in gathering applications for TMMR submitted by different districts. The regional valuation committees organized at regional DPEs evaluated the applications on the basis of criteria established in advance before sending them on to the MoPE.

Description of actions and sequence of completion

Component objectives were fulfilled in the following stages:

Stage 1: A total of 4,600 copies of a “Manual on compiling school applications on reception of a package of training-methodical materials for 1-4th forms” and an “Estimation of school requirements for training-methodical materials and resources with school community participation” have been prepared and published and distributed among participant districts and schools.

Stage 2: Information-training sessions; curricula, the schedule for carrying out information-training sessions, and corresponding materials have been developed. Based on the schedule, information-training sessions were organized in October 2007 and February 2008 in Tashkent for facilitators coming from district and regional departments. Methodologists from 28 project districts of the Republic have taken part in the workshops and more than 70 workers from district and regional departments of public education were involved in this process.

Stage 3: Since November 2007, training seminars have been held on the assessment of school requirements for TMMR in 28 districts, drawing representatives of all 1,501 project schools and members of school boards. Seminars were organized at each school to acquaint teachers of primary grades, parents, and all members of school boards with the list of TMMR and methods of assessing school requirements and defining schools’ priority needs.

At this stage, the process of considering and weighing schools’ requirements, with the participation of school boards and the support of district methodologists, has begun at schools. In total, 10,793 members of school boards—or 79 percent—have taken part in assessing school requirements and defining priority TMMR. Following the assessment process, applications were filled and forwarded to district DPEs.

Stage 4: In project regions, evaluation committees were created at regional DPEs and tasked with assessing applications and verifying their compliance with the established criteria. In every regional DPE, a schedule for considering and assessing school applications was drawn up. School applications were gathered from all participating districts, assessed by valuation committees at regional DPEs, and faulty applications eliminated. The results of an assessment were sent to the MoPE for consideration before July 15, 2008.

Stage 5: Within the fourth quarter of 2008, the school applications submitted at the regional level were processed by an interdepartmental coordination group at the MoPE, and a comparative analysis was

carried out with the results of assessment reports from regional DPEs. A definitive assessment report and summary lists of TMMR were prepared. The lists and volumes of purchasing materials, with a detailed estimate of their cost, were drafted by the MoPE and bidding documents for the purchase of TMMR were prepared. In total, 56 items were chosen, which brought the total number of items of TMMR to 121,207 at a cost of US\$4,681,374.14. An international bidding process for the purchase of TMMR was invited and based on the results of the tender auctions, nine suppliers were recognized as winners and contracts concluded with them. The supplier for delivery of TMMR to schools was selected in accordance with the World Bank's purchase rules and norms.

Stage 6: On October 7, 2009 the delivery of TMMR to preschool institutions and schools began. Under Component 1, complete sets of six CDs, costing US\$23,289,12, were purchased for 598 preschool institutions, in addition to products made of plastic, wood, plywood, paper, cardboard, and foam rubber, a sports kit, video and audio equipment, and shelving for training materials, all totaling US\$1,976,087.92 . Altogether US\$1,999,377.04 was spent on the acquisition of materials for preschool institutions, while 1,501 comprehensive schools were provided with 56 items of TMMR, totaling 121,207 pieces in number, at a cost of US\$4,681,374.14.

Stage 7: Seminars were held in all regions at which lessons on applications for the TMMR received were demonstrated. Samples of lessons on native language, mathematics, and other subjects were presented. More than 3,000 teachers, school principals, methodologists from district and regional DPEs, and members of school boards participated in these seminars, which were organized by school principals together with methodologists in all 1,501 project schools. Thus, in the course of project realization during the 2007–2010 period, 1,501 comprehensive secondary schools and 598 preschool institutions located in rural and remote areas were included project activities. Direct beneficiaries of the project included the following:

- 1) 626,150 students in project primary and secondary schools and schoolchildren aged 5 to 6 in preparatory groups in the selected preschool institutions;
- 2) Teachers and principals in secondary comprehensive schools involved in the project, using TMMR in teaching and the educational process; and
- 3) 673 leading kindergarten teachers of preparatory groups in 598 selected preschool institutions, using new materials and aids in preschool lessons.

Component 2: Strengthening of In-Service Training for Teachers and Principals in General Secondary Schools and Preschools (US\$3.8 million)

The objective of this component was to increase the potential of the Republican Center for Preschool Teacher Training and Retraining and the Central Institute for Teacher Training and Retraining named after A. Avloni, for the purpose of achieving a numerical increase in school teachers/kindergarten teachers, who underwent training in a particular year. This objective would be achieved through capacity building in these institutes on carrying out retraining for school teachers and preschool teachers through the same educational institute. This component would also strengthen the material and technical foundation in the methodical centers and staff common rooms in the rayon so that they could develop and issue student-centered training-methodical materials with the necessary computers and audio-visual equipment.

The long-term objective of this component was to enhance teaching and knowledge in 1,501 comprehensive schools and 598 preschool institutions located in 35 rayons of seven oblasts. This task was to be completed by improving teaching skills, professional development, and the level of knowledge of teachers and tutors in these educational institutions using a strategy of active teaching with student-

centered pedagogy, additional methods for estimating the knowledge of students, work methods based on cooperation between teachers and tutors, and effectively applied modern training-methodical aids. The component also provided financing for courses to retrain principals in schools and preschool institutions with a view to enhancing their knowledge of retraining programs for school teachers and preschool teachers, and included training on management methods involving financial assets and the mobilization of local communities.

During the first phase of the Project, members of expert groups were selected from among employees of the Republican Center for Preschool Teacher Training and Retraining (10 persons) and the Central Institute for Teacher Training and Retraining named after A. Avloni (12 persons). Trainer skills, skill with writing training-methodical materials, research skills, and pedagogical experience were considered. A system was introduced whereby regular meetings of members of expert groups were held, with obligatory recording and discussions of a plan of measures such as the development of curricula and modules, scheduling of seminars, and the concordance of the list of trainers. Together with local consultants assisting the institute named after Avloni and the Republican Center for Preschool Teacher Training and Retraining, agreement was reached on coordinators, preliminary programs of seminars and trainings (4 programs), the plan and maintenance of modules, and expected results from the preparation of facilitators, principals of schools/preschools, school teachers, and preschool teachers.

Two international consultants were hired to provide technical assistance to the Project. International consultants collaborated with local consultants and members of expert groups to develop and coordinate educational programs and modules for seminars on the preparation of facilitators, principals, and teachers in schools and preschools. As a result of this joint activity, educational modules for the training of facilitators, principals, methodical groups of teachers in school and preschools were developed and prepared for printing. Over the course of Phase 1, the following modules were published:

- for facilitators in a school area—780 copies;
- for facilitators in a preschool area—660 copies;
- for school principals—4,032 copies;
- for methodical groups of school teachers—6,740 copies;
- for preschool principals (developed and prepared for printing);
- for collectives of teachers (developed and prepared for printing);
- for methodical groups of preschool teachers (developed and prepared for printing).

Selection criteria for facilitators included whether they possessed a specialty, their general pedagogical experience, their work experience in a given position, and the existence of trainer skills. Interview and testing have been carried out with candidates. Tests included theoretical-practical questions on interactive methods and styles of teaching, the technology involved in the organization of the educational process, and the pedagogical situations demanding application of pedagogical and trainer skills. As a result, 104 facilitators were selected in a school area and 82 facilitators in a preschool area.

All selected facilitators were prepared for training in Tashkent (2008-2009): three one-week training sessions based on the Central Institute named after Avloni in the area of school training, and three one-week training sessions based on the Republican Center for Preschool Teacher Training and Retraining in the area of preschool training. All trained facilitators received certificates.

At the end of 2010, curricula for school principals and methodical groups of teachers were completed and adapted, with the participation of trainers and facilitators. The system for revising and completing educational modules was developed, and work on the formation of a new group of authors and developers of modules for principals had been carried out in which leading subject-specific experts of the Republic were included. In June–July 2010, training seminars for school principals (to be funded through Phase 2)

were held. During seminars the drawbacks of some modules were revealed and recommendations on perfecting materials were collected. In particular, participants of seminars noted the inconvenience of using modules from six parts. Therefore, it was decided to unite theoretical and distributing materials in one book. It was also noted that themes dealing financial management should be replaced with those related to collective work, which was viewed as an effective method of utilizing human resources and strengthening the material base of the school. Work on modifying modules for school principals is being conducted.

In order to achieve effective and systematic introduction of a new model of in-service training for teachers, the decision was made by the MoPE to develop a strategy for School-Based Teacher Training (SBTT). A working group of 14 persons was created by special order of the Minister in 2010 to develop the strategy. The first draft targeting the improvement of professional skills based on the educational institution was developed. The strategy will be accepted by the MoPE after a study tour is organized outside the country to bring international models to the table.

With a view to the effective organization of purchasing equipment for 1,501 comprehensive schools, 23 rayon methodical centers, and 598 preschools, the list of comprehensive schools was specified by rayon DPEs. Monitoring revealed that in fact, 35 rayon DPEs were involved in the Project. The list of equipment for the additional 12 rayon DPEs, seven oblast Institutes of Teacher Training, seven oblast Departments of Public Education, and the Central Institute named after Avloni was defined, and additional equipment was purchased for 1,501 schools using funds saved on equipment purchases. The equipment was bought and partially delivered to the respective destinations.

- During the first phase of the Project, methodical groups of school teachers and preschool teachers were formed: three to five teachers from each comprehensive school (the quantity depended on the teaching staff: up to 30 persons, three were selected; up to 50, four were selected; more than 50 persons, five were selected) and one kindergartener from preschool. The methodical groups formed at schools and preschools would take part in courses on improving professional skills, which would help them to introduce innovations in the schools and preschool centers, encouraging other teachers to participate in the changes. From the very beginning, the administration representative would be involved in the process (the principal or his/her assistant). All members of methodical groups should be ready for the changes and prepared to study and share experiences with other teachers. The group should possess the ability to engage in joint study and work, and would seek to develop questions of common interest, to stimulate colleagues' interest in the activity, and to foster a teaching and training atmosphere in the school community. Up to March 22, 2011, 488 school principals and 184 principals of preschools have been trained, and seminars have begun for methodical groups of teachers in 488 schools (1,835 persons).
- By the end of 2011 (after one year of collaboration with schools), a report on all project activities in schools will be prepared and announced. The editorial board of facilitators and teachers participating in the project will be generated, which will prepare materials detailing the changes in schools for subsequent distribution among schools. Materials will be published so that they may be copied easily and will be placed on the website launched by the Project and financed by the ADB, and regularly updated.

Component 3: Stimulation of school board activities (Total cost US\$0.17 million)

Activation of school boards in the first phase of the Basic Education Project was one of the basic conditions for transition to the second phase of the Project. Therefore, actions aimed at involving school boards were a strategic focus of activity for the MoPE, which mobilized internal resources to achieve this objective in a timely manner.

The rationale underpinning this component was the desire to improve conditions in schools and increase the level of knowledge of students by stimulating the participation of the local communities, while carrying out an estimate of school requirements and developing priorities in the choice of training materials. The component provides help with the creation and adjustment of the work of school boards as a key tool for nationwide fulfillment of the goal of fostering cooperation at the family, local community, and school levels to improve education for future generations.

The main objective of the component was to increase at all levels of the education system the number of experts possessing knowledge, qualifications, and skills in the field of mobilization of the public and activation school boards, which had a direct impact on timely performance of actions for Component 1. Experience has proven that active participation of the public in a school promotes improvement of school conditions and increases students' progress. School boards in Uzbekistan have significant potential to strengthen parties' interest in schools, particularly among school administrations, teachers, students, parents, representatives of mahalla, and sponsors.

During the first stage of the Project, the component helped the MoPE to activate school boards in 1,501 schools in 28 districts. With technical assistance from the World Bank the educational module and materials were developed containing methodology on involving boards and carrying out an estimation of requirements for training-methodical materials and resources (TMMR).

Training sessions were carried out for 55 experts from public education district and regional departments on the technique of conducting training for schools on specific subjects. Within the limits of the training, participants were familiarized with the concept of mobilizing the school community and studied a technique for estimating school requirements with public participation..

By January 2008, methodical teaching aids such as "Training materials of a course for employees of an education system, school principals, and school boards" and "Estimation of school requirements in training-methodical materials with the participation of the school community" were published with recommendations for schools on involving school boards and a manual for schools on filling the application form to receive TMMR (Component 1). In all pilot schools, district departments of public education (DDPE), and regional departments of public education (RDPE), trainers were provided with the necessary training materials for subsequent use during coaching on training in these areas.

In February and March 2008, iterative seminars were organized for the representatives of district DPE on estimating requirements with the participation of the public, with the assistance of MoPE representatives. Additional working panels were held with previously trained regional facilitators to refresh the knowledge received and to develop a strategy and schedule for conducting training for school representatives. By that time, in each pilot regional and district department of public education, responsible persons were officially appointed to arrange project actions. In most cases, the responsible persons were selected from among trained facilitators. Their role included training and additional consultation with schools on estimating requirements, monitoring in the field after the estimation process was completed, drawing up applications for TMMR, and gathering applications from schools, etc.

From March until June 2008, in each of 28 pilot districts of seven regions, local training on assessing requirements was organized and conducted for representatives from 1,501 project schools with members of school administrations and school boards. Training was conducted by district facilitators with the assistance of public education employees possessing experience conducting training on an interactive technique and who were trained at the beginning of 2008. Two persons from each pilot school (one representative each from the school administration and a school board) have taken part in the training.

After training in each school, actions were organized to estimate TMMR requirements in primary schools. Working groups composed of members of school boards and the supervising personnel were created, which collected and analyzed information on TMMR requirements in primary schools based on the information gathered to prepare schools' applications for TMMR.

The results of the analysis of information collected helped define priority TMMR for schools. School administration representatives, members of methodical associations at schools (teachers in primary schools), school board members, and working groups took part in filling the school applications. Each application was assured by the signature of the school board head and each school was required to include detailed information on the actions organized to estimate requirements and the participation of members of school boards. On the basis of this information, the MoPE was able to gauge the participation of school boards.

All applications for TMMR filled by schools were submitted to the commission created at regional DPEs for consideration. School applications were transferred to the MoPE, where they were again reviewed and analyzed to determine the degree of participation of school boards. In the ministry, all pilot school applications were considered by ranking officers of central administrative boards. This work was completed by September 1, 2008, and a general summary was prepared of necessary TMMR across the Republic.

Results are as follows:

All 1,501 project schools, or 100 percent of project schools, have provided an estimate of TMMR requirements in primary schools with the assistance of members of school boards. Of all members of school boards 10,793 persons, or 79 percent, took part in the estimation process and in the selection of the highest priority TMMR to be included in their school applications. In total, 148,121 representatives of the school community have been interviewed, 120,964 of whom were parents and members of boards, and supervised during the process of information gathering. The remaining 27,157 persons were primary school teachers.

The World Bank mission (October 2008) noted that at all pilot schools, school boards actively participated in the estimation and selection of priority TMMR and that the degree of activity of the school boards, over 75 percent, exceeded the estimate established by the World Bank. In addition, during meetings with representatives of schools and members of school boards, the overwhelming majority asserted that training on estimating requirements, conducted at the district level, and the teaching materials delivered, appeared to be very effective and useful. It was also noted that the measures for carrying out the estimation of requirements provided solid experience for school boards. Interviews revealed that many parents expressed the desire to assist schools in addressing the most pressing issues, such as improving school infrastructure.

Another important activity under the component was the development of educational modules on writing qualitative project proposals for the competitive financing allocated within the limits of the second phase of the Project. Packages of teaching materials were also attached to the modules to be used when distributing and establishing training materials. Training for trainers-facilitators to conduct a series of seminars for representatives of schools and the public on preparing school proposals have been carried out in the field and seminars were held. The manual on competitive financing among schools was developed and agreed with the World Bank (March – April, 2010).

Component 4: Improvements in Education Finance, Budgeting, Management, and Accounting

Like most transition countries, Uzbekistan inherited a system of school education financing, which is characterized by a strict budget framework. The budget is based on regulations that establish the number of teachers in accordance with the curriculum for each grade and the size of the non-teaching staff per school based on the capacity of schools. As a result of existing rules, most of the education budget was spent to cover the fixed costs for salaries, leaving insufficient funds for teaching materials, repair, and maintenance.

The consequence of such a financing system was that schools had limited autonomy for management of schools and their staffs. Strict line-item budgets did not give schools enough flexibility in the reallocation of funds, leaving them with limited capacity and low incentives to improve the governance, efficiency, quality and outcomes of education. Even when schools achieved savings by combining classes or increasing the teaching load of teachers, in subsequent years the school received less money.

For the reasons above, the MoPE, supported by the Bank, launched the education financing reform process. Implementation of per-capita financing (PCF) in schools in Bukhara, Namangan, Syrdarya, Fergana, and Khorezm oblasts and Tashkent city was piloted in 2008–2009, and progressed through the following stages:

Akkurgan pilot

Since 1997, the school education system of the Republic of Uzbekistan has seen large-scale reforms aimed at refining programs and teaching methods and improving the efficiency and quality of educational services. The implementation of State education policy, in terms of market economic relations in Uzbekistan, is directly linked to the need to change existing approaches to financing and managing schools. In this regard, in 2005-2006, the Ministry of Public Education and the Ministry of Finance of the Republic of Uzbekistan, with technical assistance from the U.S. Agency for International Development (USAID), conducted a pilot project to introduce new methods of financing (per-capita financing) and management to schools in the Akkurgan rayon of the Tashkent oblast.

Implementation of PCF under the Basic Education Project financed by the World Bank

One of the components of BEP 1 was to improve education financing, budgeting, management, and accounting. The overall objective of this component was to improve the efficiency of secondary education financing by building capacity in the education sector for budget planning and formulation, on one hand, and management and accounting, on the other, while expanding per-capita financing in the sector. The different actors involved in the implementation of this component include the Ministry of Public Education, oblasts, cities, rayons, and school-level education staff.

The Bukhara oblast was selected as the first oblast for implementation of per-capita financing as it is also a project area for other components of the Project. However, as per the Resolution of President of the Republic of Uzbekistan No. 744, “On the forecast of main macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2008,” dated December 12, 2007, a decision was made to implement per-capita financing in schools in the Bukhara and Fergana oblasts and Tashkent city in 2008. In 2009, according to the Resolution of President of the Republic of Uzbekistan No. 1024, “On the forecast of main macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2009,” dated December 29, 2008, it was decided to extend per-capita financing in schools to three additional oblasts: Namangan, Khorezm, and Syrdarya.

International technical assistance:

Under the project, international technical assistance was provided to the Ministry of Public Education, in particular, the Department of Financing, Accounting and Reporting, on the following issues:

- Studying experience gained from the Akkurgan pilot in education per-capita financing;
- Evaluating the benefits of variants of the per-capita financing formula existing in Uzbekistan;
- Developing a detailed implementation plan for per-capita financing by oblast, including a detailed description of the necessary legal and regulatory prerequisites for further expansion;
- Developing detailed teaching materials based on the interests of various parties requiring training;
- Developing monitoring and evaluation design for the financial reforms carried out in education, including the revision of the per-capita financing formula.

Normative legal basis

Development of the normative legal basis required to implement per-capita financing in schools began with the adoption of the Presidential Decree No. 3857, “On improving the mechanism of financing of the public education institutions,” dated February 26, 2007, and the Resolution of President of the Republic of Uzbekistan No. 609, “On measures to streamline the standard staff lists of general,” dated March 29, 2007. According to the above regulations, all secondary schools of the Republic have been duly given the status of legal person and financing of the public education institutions, from July 1, 2007, is being handled directly by the regional financial authorities.

Realizing the importance and necessity of the reforms and according to the Decree of President of the Republic of Uzbekistan No. 744, “On the forecast of main macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2008,” dated December 12, 2007, it was decided to implement per-capita financing in schools in the Bukhara and Fergana oblasts and Tashkent city from 2008. Taking into account the main weaknesses of the allocation of resources for education, the following are provided:

- Budgeting based on output indicators (e.g. number of students), and not based on cost rates;
- Equalizing funds allocated per student at the oblast level in order to create equal conditions for schools;
- Per-capita financing for schools if there is the possibility of reallocation of funds among different budget items and other measures aimed at increasing the autonomy of schools.

Implementation process

The implementation of per-capita financing actually began from January 1, 2008 with the adoption of the Resolution of the Ministry of Finance and Ministry of Public Education of the Republic of Uzbekistan Nos. 8 and 14, “On approval of the basic cost rates per student of the secondary schools in the Bukhara, Fergana oblasts and Tashkent city for 2008,” dated March 14, 2008.

In designing the per-capita financing formula, the international experience of using similar formulae, the experience of Uzbekistan, the Akkurgan pilot, and the formulae proposed by experts, as well as the Russian experience were used. The data on all schools in the project oblasts was collected, comparative calculations on the various options were made, and model calculations were performed based on the designed formula. Correction factors by cluster of schools were identified and calculated.

To ensure the basic principles of educational policy, such as accessibility and equality, education quality, external efficiency (education system prepares the workforce) and internal effectiveness (to achieve

maximum results at least cost), as well as the possibility of choice, it was necessary that financing and management policies actually support and promote these goals.

The main areas of education financing policy under the pilot project were:

- Ensuring fairness in the allocation of resources between geographical regions and educational institutions;
- Planning and financing educational services, guaranteed by the state, but not the facility; and
- Providing greater autonomy for resource management at the school level.

The first two areas of education financing policy were implemented through per-capita financing (financing per student). Therefore, a pilot model was aimed primarily at changing the formation and distribution of the education budget at the oblast level and retreats from the principle of budgeting based on the school background and staff indicators, as well as the transition to the formation and distribution of budget funds among schools on the basis of established rates of costs per student.

To ensure that per-capita financing could improve the efficiency of resource use, schools would improve their management level and gain autonomy that allows them to fully use incentives included in the new financing system. Therefore, the next important area of the pilot model was to improve resource management at the school level.

Intermediate results of the implementation of PCF

An interim evaluation of the transition to per-capita financing revealed a number of advantages such as the following:

- Increased school autonomy in decision making on financial matters; all schools of the country have the status of legal person and their own accountants; and
- Equitable allocation of funds to schools; each school receives a budget allocation according to the number of students in the school.

As the school financing formula provides additional funds to schools with a contingent number of students enrolled in the group with an extended day, despite the decline in the number of students and, respectively, pedagogical staff, schools tried to attract as many students as possible, first to preserve the deviation in school funding and second, to maintain the teacher load.

The study of the implementation of per-capita financing in three oblasts in the first year and in six oblasts in the second year revealed a number of shortcomings in the formula that have been incorporated into the new regulations on the procedure for establishment of school budgets for 2009 and 2010.

#	Shortcomings	Elimination
In 2008		
1	Schools not to be considered by the formula were discovered, which are heated with firewood, black oil, or stove fuel in winter, and whose procurement costs are assigned in school cost estimates.	A clause was added in the new regulations on the procedure for establishment of school budgets for 2009: "In case of the heating of general schools with other fuel types to be not considered by the formula, secondary schools will be permitted to assign costs for procurement of fuel (firewood, black oil, stove fuel) additional to the costs of schools, calculated according to the basic rates of costs."
2.	Original formula did not consider the specifics of schools that have a branch.	A clause was added in the new regulations on the procedure for establishment of school budgets for 2009: "If a general school has a branch, the school budget will be established by summarizing budgets calculated for the school and its branch depending on students in each. The budget for the school branch will be calculated by applying basic cost rates per student, even if the number of students is less than 160 students, not applying the school scale coefficient."
3.	As the country is moving to 12-year education and natural relocation of students, schools could not accurately predict the number of students at the beginning of academic year.	A clause was added in the new regulations on the procedure for establishment of school budgets for 2009: "If there is considerable deviation (above 5 percent) of the actual number of students in secondary schools from that planned for the academic year 2009/2010 (to September 1, 2009), the budget for the secondary school will be recalculated as of the beginning of 2009, taking into account the adjusted number of students."
4.	There was evidence that approved school costs, calculated by per-capita method, were transferred to other schools.	A clause was added in the new regulations on the procedure for establishment of school budgets for 2009: "Modifications (reduction and increase) to the amount of the approved estimated costs of secondary schools for 2009, calculated applying basic cost rates, are not permitted (except rise of wages, scholarships, allowances, public utilities rate, etc. in accordance with governmental approval)."
In 2009		
1.	There were schools with three or more teaching languages in which the average class size is below the average size by oblast, which in turn leads to a budget shortage, as calculated by the formula.	An increasing coefficient in the formula for calculating the budget for schools with three or more teaching languages was added in the new regulations on the procedure for establishment of school budgets for 2010.
2.	The formula does not take into account the salary expenses for teachers sent to off-the-job teacher training courses.	A clause was added in the new regulations on the procedure for establishment of school budgets for 2010: "The following was included in the basic cost rates per student of secondary schools: salary expenses for teachers, substitute teachers, [teachers] sent to off-the-job teacher training courses."

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

N/A

Annex 9. List of Supporting Documents

World Bank, 2006, Project Concept Note (PCN)
World Bank, 2006, Peer Review Comments on PCN
World Bank, 2006, Project Information Document
World Bank, 2006, Minutes of Decision Review Meeting
World Bank, 2006, Minutes of Negotiations
World Bank, 2006, Concept Note and Meeting Summary
World Bank, 2006, (Project Appraisal Document, 19 Sep 2006)
World Bank, 2007, (BEP Financing Agreement, 2007)
World Bank, 2005-2010 – Amendments to Credit
World Bank, 2008, Country Assistance Strategy for Uzbekistan FY08-FY11
World Bank, 2005, Public Expenditure Review
World Bank, 2005, Interim Strategy Note
World Bank, 2004, Country Financial Accountability Assessment
World Bank, 2003, Living Standard Assessment
World Bank, 2010, Republic of Uzbekistan, Country Integrated Fiduciary Assessment
World Bank, 2007-2010 Aid Memoires and Implementation Supervision Reports
World Bank, 2009, Project Appraisal Document for BEP 2
Uzbekistan Government, 2005, Welfare Improvement Strategy Paper 2005-2010
MOPE, 2011, Borrowers Contribution to ICR
Centre “Ijtimoiy fikr”, 2008, Baseline study for BEP
MOPE 2007-2010, BEP Consultants reports



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UZBEKISTAN

- SELECTED CITIES AND TOWNS
- ⊙ OBLAST (VILOYATI) CAPITALS
- ⊕ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- OBLAST (VILOYATI) BOUNDARIES
- - - INTERNATIONAL BOUNDARIES