



Report and Recommendation of the President to the Board of Directors

Project Number: 46537
September 2014

Proposed Grants Kyrgyz Republic: Strengthening Education System Sector Development Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 September 2014)

Currency unit – som (Som)

Som1.00 = \$0.019

\$1.00 = Som52.94

ABBREVIATIONS

ADB	–	Asian Development Bank
EDS	–	Education Development Strategy
ESDP	–	Education Sector Development Program
ICT	–	information and communication technology
INSETT	–	in-service teacher training
LTM	–	learning and teaching material
MES	–	Ministry of Education and Science
NTDP	–	national teacher development program
PAM	–	project administration manual
PIU	–	project implementation unit
TRS	–	textbook rental scheme
UNICEF	–	United Nations Children’s Fund

NOTE

In this report, “\$” refers to US dollars.

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PROGRAM AT A GLANCE

1. Basic Data		Project Number: 46537-002	
Project Name	Strengthening Education System Sector Development Program	Department /Division	CWRD/CWPF
Country Borrower	Kyrgyz Republic Government of Kyrgyz Republic	Executing Agency	Ministry of Education and Science
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Education sector development		22.00
		Total	22.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Organizational development	Effective gender mainstreaming (EGM)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Rural	High
		Urban	Medium
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		22.00	
Sovereign SDP - Program grant: Asian Development Fund		22.00	
Cofinancing		0.00	
None		0.00	
Counterpart		2.12	
Government		2.12	
Total		24.12	
9. Effective Development Cooperation			
Use of country procurement systems		Yes	
Use of country public financial management systems		Yes	

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on (i) a proposed policy-based grant, and (ii) a proposed project grant, both to the Kyrgyz Republic for the Strengthening Education System Sector Development Program.¹

2. The policy-based grant will support key policy reforms to strengthen education in the Kyrgyz Republic; the project grant will finance investments that directly link to and support the effective delivery of those reforms. Complementary policy-based and project components will address education quality, relevance, access, and sector management.²

II. THE PROGRAM

A. Rationale

3. **Country context.** The Kyrgyz Republic is one of the poorest economies in Central Asia. The country had a per capita gross domestic product of about \$990 in 2012, and 38% of the population lived below the poverty line in 2012.³ The government's National Sustainable Development Strategy, launched in 2013, acknowledges the importance of education in sustaining economic growth and reducing poverty. This emphasis on education is reflected in increasing government resources directed to the sector. In 2012, the government's expenditure on education was 6.9% of gross domestic product. Actual expenditure per student is low because of the government's limited fiscal resources. Education is mandatory up to grade 9. The enrollment rate for primary education is 96%, and the transition rate from primary to lower secondary is nearly universal. The net enrollment rate is above 90% in lower secondary education (grades 5–9) and 52% in upper secondary education (grades 10–11). Many students enroll in secondary vocational education institutions after completing grade 9.

4. **Education sector performance.** One of the main challenges is improving the quality and efficiency of education, particularly addressing low learning outcomes. The Kyrgyz Republic ranked last among 65 countries that participated in the Program of International Student Achievement by the Organisation for Economic Co-operation and Development (OECD) in 2009, indicating significant learning gaps among students. For example, the gap in reading literacy between 15-year-old students in the Kyrgyz Republic and the OECD average corresponded to 4.5 years of formal schooling. More than half of all students in the Kyrgyz Republic performed below basic levels in literacy, mathematics, and sciences in the 4th and 8th grade national student achievement tests.⁴ Learning outcomes vary depending on location (rural or urban) and the language of instruction.

5. **Education policy framework.** With outdated curricula, a shortage of textbooks, and ineffective teaching–learning practices, the school environment contributes to poor performance in the education sector. Institutional contributors include system problems, fragmented responsibilities in managing education services, inefficient spending, and inadequate

¹ The design and monitoring framework is in Appendix 1.

² The Asian Development Bank (ADB) provided project preparatory technical assistance. ADB. 2013. *Technical Assistance to the Kyrgyz Republic for Strengthening the Education System Sector Development Program*. Manila (TA 8395-KGZ, \$750,000, approved on 29 July).

³ Latest available data.

⁴ United Nations Children's Fund (UNICEF) Central and Eastern Europe/Commonwealth of Independent States. 2009. *Learning Achievement in the Central and Eastern Europe/Commonwealth of Independent States Region: A Comparative Analysis of the Results from the PISA 2006 Study*. Geneva: UNICEF Central and Eastern Europe/Commonwealth of Independent States.

management information systems. In response to these challenges, the Education Development Strategy (EDS) for 2012–2020 provides an overall approach to strengthen the education system and coordinate all government and development partner efforts. The EDS has three pillars: (i) improving equal access to education quality, (ii) enhancing the quality and efficiency of education services, and (iii) strengthening sector management and performance. The government has implemented a number of reforms in the education sector since 2009, including: (i) development of the National Framework Curriculum for general education based on competencies and skills; (ii) approval of subject curricula for grades 1-4; (iii) introduction of the concept of elective education in grades 10-11 to ensure linkages between general education and the labor market; (iv) introduction of per capita financing in schools to help ensure a more equitable allocation of resources; (v) significant increases in teacher salaries in 2011; and (vi) establishing school Boards of Trustees to participate in school management. The MES translated the EDS for 2012-2020 into specific activities and targets in 3-year action plans, and is currently preparing an action plan for 2015-2017.

6. **Competency-based curriculum.** As a response to low learning outcomes and weak skills competencies the government has introduced comprehensive reforms, including new competency-based curricula for grades 1–4.⁵ Curricula for grades 5–9 are being developed with assistance from the World Bank.⁶ Policy and investment support is essential to complete the revision of the curriculum and learning and teaching materials (LTMs) for grades 10–11, and to introduce general and elective tracks in these grades to improve links with the labor market. An evaluation of the new curriculum for primary education is needed to assist in the reform of the secondary education curriculum. To facilitate this process, a curriculum review unit should be established to monitor, periodically assess, and continually improve the curriculum.

7. **Textbook provision.** Textbook shortages, distribution and availability problems, and outdated content have had a major impact on learning outcomes. The government’s annual budget of Som100 million is only 40% of the amount required to renew the textbook stocks each year for all grades. In SY2011/12, the Ministry of Education and Science (MES) estimated that only 43% of students had access to textbooks. The provision of textbooks differs significantly between regions, and many schools continue to use old stocks of obsolete textbooks. Strategies to reduce the cost and improve the quality of textbooks are needed to achieve financially sustainable textbook provision that can support the new curriculum. The EDS 2012–2020 proposes a textbook rental scheme (TRS) to create full and sustainable textbook supplies for all students, with the government subsidizing the poorest and most vulnerable students (15% of students will qualify for free rentals). The MES needs to improve the quality and durability of textbooks and LTMs, which have tended to be overly theoretical, reflecting the deficiencies of the curriculum. The current quality assurance processes need upgrading to ensure that high-quality textbooks supportive of curriculum objectives will be used.

8. **Teacher quality.** To address declining education quality, the government adopted teacher salary reforms in 2011, which almost doubled teacher wages and largely alleviated teacher shortages. However, teacher levels were eliminated in 2012, resulting in a lack of career progression. Reforms are necessary to develop, assess, and reward teachers. In the EDS 2012–2020, the policy priorities include (i) reintroducing teacher certification based on new standards, (ii) modernizing teacher performance appraisal and continual professional development, and (iii) enhancing incentives for teachers. Improved chances for promotion and other financial incentives will help attract teachers to remote and rural areas, where teacher

⁵ The Kyrgyz Republic school year starts in September and ends in May.

⁶ World Bank. 2013. *Sector Support for Education Reform Project*. Washington, DC.

shortages have remained. The requirements of the new curriculum have created pressure on teachers to improve their subject pedagogical competencies; however, the quality of in-service teacher training (INSETT) does not meet modern requirements. While every school teacher should undergo INSETT every 5 years, only 10%–20% get the opportunity for professional development. INSETT quality and accessibility needs to be improved.

9. **Education planning and delivery.** The education budget needs to be reviewed to enhance efficiency. About 20% of the annual public expenditure is allocated to education. However, more than 70% of the education budget is required for salaries, leaving limited financial resources for quality improvements.⁷ In addition, the planning and management capacity of school principals is still generally weak. Better capacity building programs are needed for school principals, deputy principals, and district methodology specialists. To increase access to quality education, the government launched a national program in 2013 to establish 100 innovative schools. These schools will (i) serve as cluster schools to enhance resource- and capacity-sharing among neighboring schools; (ii) provide well-resourced learning sites for science, technology, and math; and (iii) serve as platforms for modern teaching and learning. The innovative schools need regulations and mechanisms for effective operations, modern multimedia equipment and science labs, and better teacher methodological competencies. The functioning of all school boards of trustees needs to be improved to promote their involvement in resource allocation and school management. Capital investment and the operational budget for primary and secondary education have been inadequate. Underfunding of operation and maintenance costs has led to the degradation of school buildings and other infrastructure. A study by UNICEF found that 64% of schools need major repairs.⁸ Thirty selected innovative schools in remote and rural areas need to be rehabilitated to improve learning environments. Teachers and principals in the selected innovative schools need support to use information and communication technology (ICT) for new approaches to teaching and learning, including multimedia classrooms and pilots for math and science software.

10. **Sector development program approach and previous ADB support.** The Asian Development Bank (ADB) began providing assistance to the sector in 1997 with the Education Sector Development Program (ESDP).⁹ The ESDP helped to rationalize the education system, improved efficiency and management capabilities, and upgraded education content. Under the Second Education Project, ADB supported initiatives in INSETT, developing curriculum and state education standards, enhancing education management and planning, and rehabilitating selected schools to improve learning environments.¹⁰ ADB support to the education sector also included the Improving Access to Quality Basic Education for Children with Special Needs Project, supported by a grant from the Japan Fund for Poverty Reduction,¹¹ and two projects to support vocational and technical education and training.¹² The proposed sector development

⁷ Sector Assessment (Summary): Education (accessible from the list of linked documents in Appendix 2).

⁸ UNICEF. 2013. *Assessment of Safety in School and Pre-School Education Institutions in the Kyrgyz Republic Summary Report*. Bishkek.

⁹ ADB. 1997. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to the Kyrgyz Republic for the Education Sector Development Program in the Kyrgyz Republic*. Manila.

¹⁰ ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Kyrgyz Republic for the Second Education Project*. Manila.

¹¹ ADB. 2007. *Proposed Technical Assistance to the Kyrgyz Republic for Improving Access to Quality Basic Education for Children with Special Needs Project*. Manila.

¹² ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Kyrgyz Republic for the Vocational Education and Skills Development Project*. Manila; and ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to the Kyrgyz Republic for the Second Vocational Education and Skills Development Project*. Manila.

program responds to the overall sector challenges and constraints, supports the EDS 2012–2020 and its associated action plans, and builds on prior ADB-funded projects. This modality provides policy-based program support and an incremental approach to help finance the cost of a new wave of reforms in education. ADB’s country partnership strategy for the Kyrgyz Republic, which is closely aligned with national priorities, aims to improve the quality of school education, reform INSETT, develop the curriculum and LTMs, and improve learning environments in schools.¹³ The program is included in the 2014 pipeline of the country operations business plan, 2014–2016.¹⁴

B. Impact and Outcome

11. The impact will be improved human resources development for competitiveness of the Kyrgyz Republic. The outcome will be enhanced quality, access, and efficiency of public education.

C. Outputs

12. The program, through separate policy-based and project components, will deliver four outputs to improve (i) the quality of the curriculum and LTMs, (ii) the quality of teachers and teacher training, (iii) access to quality education through innovative schools, and (iv) sector and project management. The policy-based grant will support the policy reforms and an accompanying project grant will support local actions related to the four program outputs. The project grant will (i) support implementation of the proposed reforms; (ii) support a phased introduction of the textbook rental scheme; and (iii) provide physical support to the ADB-supported innovative schools. Policy-based and project components will be coordinated.

1. Policy-Based Grant Outputs

13. There are 14 policy actions under Tranche 1 and 18 policy actions under Tranche 2. Policy actions under output 1 will support the government as it (i) establishes a curriculum review unit and a curriculum expert council to review the curriculum for grades 1–4; (ii) completes a review of the curriculum for grades 1–4; (iii) approves the national curriculum framework, which emphasizes building skills and competencies; (iv) develops subject curriculum for math and sciences of the general and profile streams in grades 10–11 aligned with the national curriculum framework; (v) reviews and improves the distribution of textbooks to schools; (vi) revises guidelines for textbook development, evaluation, publishing, and distribution; (vii) develops and implements a communication and advocacy campaign to support the TRS; (viii) approves a regulation on TRS and begins the initial phase of the TRS; and (ix) secures a budget allocation by the government of at least Som120 million per fiscal year for textbook provision.

14. Policy actions under output 2 will support the government as it (i) approves a national teacher development program (NTDP) to define strategies and guidelines for teacher management, continual professional development, teacher performance appraisal, new certification requirements for teachers, and certification of teacher training providers; (ii) introduces a teacher ranking and progression system with differentiated salary linked to teacher professional standards; (iii) includes an INSETT plan in the action plan, 2015–2017 to implement the EDS, 2012–2020; (iv) develops, approves, and implements a training plan for

¹³ ADB. 2013. *Country Partnership Strategy: Kyrgyz Republic, 2013–2017*. Manila.

¹⁴ ADB. 2013. *Country Operations Business Plan: Kyrgyz Republic, 2014–2016*. Manila.

school principals, deputy principals, district education officers, and staff of the teacher training institutes; and (v) updates regulations on INSETT in line with NTDP.

15. Policy actions under output 3 will support the government as it (i) recognizes the innovative schools as learning sites for math, science, and technology, and as cluster schools for teacher training serving neighboring school networks; (ii) amends regulatory acts to allow innovative schools to (a) enrich the curriculum and have instructional autonomy in adapting curriculum and delivery methods to meet the national curriculum objectives; and (b) receive additional funding to carry out cluster-based teacher training, and maintain science labs and equipment based on a revised per capita financing formula; (iii) develops, approves, and introduces minimum service standards for school performance in 30 selected innovative schools; (iv) prepares a 10-year action plan for the development of innovative schools; and (v) develops and ensures the use of a guidance manual for improved functioning of school boards of trustees. There are no policy actions under output 4. Details of the policy actions are provided in the development policy letter (Appendix 3) and policy matrix (Appendix 4).

2. Project Grant Outputs

16. The project grant will support investment activities that are closely aligned with the policy components. Outputs 1–2 and 4 are national in scope; output 3 focuses on the selected innovative schools. Output 1 will support the government as it (i) develops subject curricula and assessment methods for math and sciences of the general and profile streams in grades 10–11; (ii) builds the capacity of curriculum writers, textbook authors, publishers, and relevant government agencies to create quality textbooks and teachers' guides to support the introduction of the new curriculum; (iii) redesigns textbook development, evaluation, publishing, and distribution; (iv) introduces the TRS in phases; (v) designs and introduces a computerized textbook management system to enable effective monitoring of textbook provision; and (vi) launches the curriculum review unit. Output 2 will support (i) upgrading the methodological competencies of 10,000 teachers through INSETT, supporting new pedagogies and learning outcomes in math and sciences embedded in the new curriculum for grades 7–11; (ii) capacity building for school administrators to support teachers in teaching the new curriculum; (iii) piloting of the new teacher performance appraisal, teacher certification system, and continuous professional development in the 30 selected innovative schools; (iv) the use of ICT in INSETT and classroom teaching by piloting e-learning for teachers and principals; and (v) a twinning partnership between the Kyrgyz Republic and international teacher training institutes to facilitate mentoring and foster a learning culture. Output 3 will support 30 selected innovative schools in poor and remote locations, including the provision of science laboratories, learning support materials, ICT equipment and software, multimedia classrooms, and minor school repairs including modifying school facilities to allow access for students with physical disabilities. The criteria for selecting the 30 innovative schools are in the project administration manual (PAM).¹⁵ The innovative schools will be supported to use ICT for learning, including through science software. Output 4 will support the government in developing policy recommendations for budget efficiency. Assistance will include (i) reviewing current education expenditure, (ii) developing a policy and action plan to provide adequate budgets for operation and maintenance and capital repairs for schools, (iii) building the capacity of the MES in education planning and budgeting, (iv) conducting policy studies to improve the management and efficiency of the education sector, and (v) carrying out communications and advocacy activities among stakeholders. The project will also finance project implementation support and the provision of equipment, furniture, and materials to the MES for project implementation.

¹⁵ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

D. Development Financing Needs and Investment and Financing Plans

17. The program is estimated to cost \$24.12 million, comprising \$14.12 million for the project (Table 1) and \$10.00 million for policy actions.¹⁶

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^b
A. Base Cost^a	
1. Quality of curriculum and teaching and learning materials improved	1.02
2. Quality of teachers and in-service teacher training improved	3.49
3. Access to quality education through innovative schools	4.56
4. Project and sector management	1.74
5. Taxes and duties	1.55
Subtotal (A)	12.36
B. Contingencies^c	
1. Physical	0.62
2. Price	1.14
Subtotal (B)	1.76
Total (A+B)	14.12

^a In March 2014 prices.

^b Includes taxes and duties to be financed by the government in the form of a cash contribution.

^c Physical contingencies computed at 5.0%. Price contingencies computed at 1.6% in 2016, 1.1% in 2017, 1.4% in 2018, 1.4% in 2019, and 1.5% thereafter on foreign exchange costs assuming exchange rate fluctuations under a purchasing power parity model. Price contingencies on local currency are calculated at 5.5% in 2016, 6.5% in 2017, 6.0% in 2018, 5.0% in 2019, and 5.0% thereafter.

Source: Asian Development Bank estimates.

18. The government has requested a policy-based grant (\$10 million) and a project grant (\$12 million) not exceeding \$22 million in total from ADB's Special Funds resources to finance the program. The amount of the grant was determined by taking into account (i) the government's development expenditures and financing needs; and (ii) the relative importance ascribed by the government to education sector development as reflected in the national development strategies. The government will provide counterpart support in kind for counterpart staff, translation, and office accommodation facilities, and will make a cash contribution of \$1.55 million equivalent to cover taxes and duties (Table 2). Government contribution is estimated to account for 8.78% of the total program cost.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)	Share of Project Grant (%)
Asian Development Bank			
Special Funds resources (policy-based grant)	10.00	41.46	
Special Funds resources (project grant)	12.00	49.76	85.00
Government	2.12	8.78	15.00
Total	24.12	100.00	

Source: Asian Development Bank.

¹⁶ Project details are provided in the PAM (footnote 15).

E. Implementation Arrangements

19. The MES will be the executing agency. The project implementation unit (PIU) currently responsible for the World Bank-financed education projects will be strengthened and serve as the joint PIU for both the World Bank and ADB programs. The implementation arrangements are summarized in Table 3 and described in detail in the PAM (footnote 15).

Table 3: Implementation Arrangements

Aspects	Arrangements		
Implementation period	For policy-based grant: June 2013–May 2018 For project: February 2015–February 2021		
Estimated completion date	For policy-based grant: May 2018 For project: February 2021; project grant closing date: August 2021		
Management			
(i) Oversight body	Sector-wide steering committee Vice prime minister (chair) Representatives from MOF and MES (members)		
(ii) Executing agency	MES		
(iii) Implementation unit	Joint PIU, MES, 7 staff MOF will operate the imprest account		
Procurement	International competitive bidding	2 contracts	\$1,840,000
	National competitive bidding	5 contracts	\$2,960,000
	Shopping	2 contracts	\$60,000
Consulting services	Quality- and cost-based selection	2 contracts	\$1,516,300
	Consultants' qualifications selection	2 contracts	\$450,000
	Individual consultant selection	3 contracts	\$363,000
	Quality-based selection	1 contract	\$660,000
	Least-cost selection	1 contract	\$80,000
Retroactive financing and/or advance contracting	Advance contracting has been requested to recruit the PIU staff, the international TRS expert, and the education development consulting firm. No retroactive financing.		
Disbursement	The project grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2012, as amended from time to time) and detailed arrangements the government and ADB have agreed upon. The proceeds of the policy-based grant will be disbursed to the Government of the Kyrgyz Republic as the recipient in accordance with the provisions of ADB's <i>Simplification of Disbursement Procedures and Related Requirements for Program Loans</i> . The \$10 million policy-based grant will be disbursed in two tranches once relevant conditions have been met by the government: Tranche 1: \$3 million (planned for 2015) Tranche 2: \$7 million (planned for 2017)		

ADB = Asian Development Bank, MES = Ministry of Education and Science, MOF = Ministry of Finance, PIU = project implementation unit, TRS = textbook rental scheme.

^a The government has been advised that approval of advance contracting will not commit ADB to subsequently approve financing for the project.

^b ADB. 1998. *Simplification of Disbursement Procedures and Related Requirements for Program Loans*. Manila.

^c The grant proceeds will be used to finance the cost (excluding local taxes and duties) of items produced and procured in ADB member countries, excluding ineligible items and imports financed by other bilateral and multilateral sources.

Source: Asian Development Bank estimates.

III. DUE DILIGENCE

A. Technical

20. The program builds on the achievements made under the ADB-funded ESDP and Second Education Project. It incorporates the following lessons from the completion reports for

the ESDP¹⁷ and Second Education Project:¹⁸ (i) ensure continuity of support for curriculum development; (ii) improve textbook provision; (iii) carry out reforms in INSETT; (iv) improve school facilities to enhance learning environments; (v) establish a dedicated unit to monitor, periodically assess, and continually improve the curriculum; and (vi) use the sector development program modality to promote the sustainability of reforms. Technical due diligence analysis found no discernable risk in having minor civil works in schools. The program will provide policy recommendations to support the sustainable operation and maintenance of school facilities.

B. Economic and Financial

21. Economic and financial analyses were prepared. The economic benefits from the program include improved quality of education resulting in a higher wage premium for secondary school completers (relative to non-completers) and decreased wastage of public and private resources as a result of reduced dropouts and repetitions. Estimating these benefits over 20 years yields an economic internal rate of return of 23.8%, as shown in the economic analysis.¹⁹ A financial sustainability analysis was undertaken during program preparation based on the fiscal impact of measures necessary to achieve high-quality education, including textbook provision, enhanced teacher training, and school maintenance.²⁰ Excluding the effect of the TRS, resulting recurrent costs increase as a percentage of the total MES budget initially, peaking at 2.1% of the education budget in 2021 and falling to 1.2% in 2030. If the TRS is implemented as planned, recurrent costs increase to 1.3% in 2021 and fall to 0.6% in 2030 because the TRS revenues are expected to reduce the government contribution to textbook funding to 15% of the total cost. Therefore, incremental cost burdens are sustainable, assuming (i) continued support from development partners in the period to 2020, (ii) the economy grows as the International Monetary Fund predicts, and (iii) the government budget plans and fiscal reforms are implemented. Prospects for sustainability are significantly improved if the MES cost burden is lightened by a carefully designed TRS and other cost-reduction measures that the program will help to identify and implement.

C. Governance

22. Financial management and procurement capacity assessments have been carried out in accordance with ADB requirements. The overall pre-mitigation financial management risk is assessed as high. Weaknesses include staffing capacity, financial planning and budgeting, internal audit, procurement, and knowledge of ADB requirements. The Kyrgyz Republic's development partners are supporting strengthening the budgeting, financial management, and basic fiduciary arrangements within the MES, including internal audit.²¹ The MES also adopted an anticorruption action plan in 2014. Assessment findings have been incorporated into the program design as appropriate, and the MES is addressing others with development partner support. The Ministry of Finance, with ADB support, is establishing a centralized electronic procurement platform to help limit corruption.²² Under the proposed program, the MES will pilot electronic tendering of textbooks to improve procurement transparency and efficiency. The program includes strengthening PIU staff and training MES and PIU staff in ADB procedures, including procurement, disbursement, and accounting systems. ADB's Anticorruption

¹⁷ ADB. 2005. *Completion Report: Education Sector Development Program in the Kyrgyz Republic*. Manila.

¹⁸ ADB. 2013. *Completion Report: Second Education Project in the Kyrgyz Republic*. Manila.

¹⁹ Economic Analysis (accessible from the list of linked documents in Appendix 2).

²⁰ Financial Analysis (accessible from the list of linked documents in Appendix 2).

²¹ Development Coordination (accessible from the list of linked documents in Appendix 2).

²² ADB. 2012. *Technical Assistance to the Kyrgyz Republic for Implementing the e-Procurement System*. Manila.

Policy (1998, as amended to date) was explained to and discussed with the Ministry of Finance and the MES. A single integrated grievance redress mechanism with multiple access points and multiple tracks will be set up and managed by the joint PIU.

D. Poverty and Social

23. Improving education attainment and quality plays a key role in reducing poverty and improving living standards in the Kyrgyz Republic. The 30 innovative schools to be supported will be selected based on poverty and other social needs criteria in each location.²³ The TRS will provide free textbook rentals to the 15% of students who are the most poor and vulnerable. Under the program, textbook production and provision will be demographically balanced and will reflect government policies on languages of instruction.

24. The program is categorized as effective gender mainstreaming and a gender action plan has been prepared. Gender analysis of students shows gender parity in school enrollment. The average number of years of schooling among females 15–19 years old (10.05) is slightly higher than for males (9.89).²⁴ The Program of International Student Achievement 2009 results also showed girls slightly outperforming boys in reading, math, and science. The achievement gaps for boys could curtail their access to tertiary education, if left unattended. About 80% of the teachers in secondary education are women, and most school principals are also women. The gender action plan includes the following targets and gender-responsive design features: (i) removal of gender bias in the curriculum, textbooks, and LTMs, and promotion of positive images of women in higher-status occupations; (ii) increasing the number of male teachers; (iii) more appropriately trained female administrators; and (iv) gender monitoring and evaluation indicators integrated in the overall design and monitoring framework to track the implementation of the gender action plan.

E. Safeguards

25. In accordance with ADB's Safeguard Policy Statement (2009), the program is classified as category C for environmental impact. Output 3 under the project grant will include minor civil works, such as rehabilitation of the 30 innovative schools. Civil works activities with more than minimal environmental impacts, such as clearance of large areas of vegetation, will be excluded from financing. Overall, the limited impacts from rehabilitation works will be localized and short term, and can be effectively mitigated through good civil works practices. An environmental screening and management checklist has been prepared and is included in the PAM. The involuntary resettlement category is C. Project activities will not require land acquisition or resettlement. The indigenous peoples category is C. No program activities will adversely affect ethnic minorities. Higher-quality education as a result of the program will benefit all students, including ethnic minorities. At least three of the 30 innovative schools to be supported by ADB are expected to have classes with an ethnic minority language of instruction.

F. Risks and Mitigating Measures

26. During program design, governance and implementation risks were assessed and mitigating measures incorporated. These are described in detail in the risk assessment and risk management plan.²⁵ Since the MES budgets are not clearly linked to policy goals, performance indicators, or nonfinancial outcomes, performance is difficult to gauge. However, with development partner support, the government is working to improve budgeting and financial

²³ Summary of Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

²⁴ Gender Action Plan (accessible from the list of linked documents in Appendix 2).

²⁵ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2)

management. The risks that are considered high are (i) the effects on the education sector of government fiscal policies to reduce budget deficits, which will be mitigated through assurances from the government on maintaining existing levels of education expenditure and measures to improve the efficiency of education spending; (ii) poor functioning of the procurement market, which will be mitigated through the design of the procurement plan and activities within the program to pilot test electronic procurement of textbooks; (iii) unstable political, economic, and social conditions—a risk largely outside ADB control, but the program’s goal of creating quality education services will help mitigate the risk; (iv) a slower pace for policy reforms, especially during the pre-election period, which will be mitigated through the disbursement conditions for the policy-based grant and through a continuing process of policy dialogue; (v) a lack of adequate management information systems in the MES, raising concerns about sector performance management, which will be mitigated through a United Nations Educational, Scientific and Cultural Organization initiative and the proposed program’s project performance monitoring system; and (vi) adverse public perception of paying rental fees for textbooks under the TRS, which will be mitigated by an advocacy and communications strategy to help highlight the TRS benefits to the public and measures to ensure the poorest will continue to have free textbooks. The overall risk level to the successful implementation of the program, taking into account these mitigation measures, is assessed as medium, with integrated benefits outweighing risk-associated costs.

IV. ASSURANCES

27. The government has assured ADB that implementation of the program shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and grant documents. The government has agreed with ADB on certain covenants for the program, which are set forth in the grant agreements.

V. RECOMMENDATION

28. I am satisfied that the proposed grants would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

- (i) the policy-based grant not exceeding \$10,000,000 to the Kyrgyz Republic from ADB's Special Funds resources for the Strengthening Education System Sector Development Program, on terms and conditions that are substantially in accordance with those set forth in the draft grant agreement presented to the Board; and
- (ii) the project grant not exceeding \$12,000,000 to the Kyrgyz Republic from ADB's Special Funds resources for the Strengthening Education System Sector Development Project, on terms and conditions that are substantially in accordance with those set forth in the draft grant agreement presented to the Board.

Takehiko Nakao
President

8 September 2014

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved human resources development for competitiveness of the Kyrgyz Republic</p>	<p>By 2026, 25% increase in the average score of school graduates on the single national graduation test from 125 (maximum score: 250) in 2013</p> <p>By 2026, 10% increase in the average math score of students in OECD 's PISA (baseline: average math score of 331 in PISA 2009)</p>	<p>Report on the single national graduation test</p> <p>Results of OECD's PISA</p>	<p>Assumption The government continues to prioritize enhancing the quality and relevance of the education services</p>
<p>Outcome Enhanced quality, access, and efficiency of public education in the Kyrgyz Republic</p>	<p>By 2021, 10% increase in the average math (baseline: 527.6 in 2009) and natural sciences (baseline: 497.9 in 2009) scores of grade 8 students on the national sample-based student achievement test (baseline: average math score of 508.1 for rural students and 577.6 for urban students; and average sciences score of 483.9 for rural students and 540.2 for urban students in 2009)</p> <p>Student transition from lower to upper secondary education increased from 59.4% in 2011 to 65.0% in 2021</p> <p>Textbook provision increased from 43% in 2011 to 80% in 2021</p>	<p>Results of the national sample-based student achievement test</p> <p>Annual MES reports</p> <p>National Statistics Committee reports</p>	<p>Assumption The government's education development strategy, 2012–2020 is implemented as planned</p>
<p>Outputs 1. Quality of curriculum and LTMs improved</p>	<p>Subject curriculum for general and specialized tracks for grades 10–11 developed and approved by 2017 (including removal of gender biases in content, and promotion of positive images of women in “nontraditional” employment)</p> <p>TRS introduced by SY2015/16 with phased implementation beginning by 2017^a</p> <p>MES time for the development and piloting of curriculum and LTMs reduced by 20% by 2017</p> <p>At least 60 curriculum writers, textbook and LTM authors, and publishers for grades 7–9 subjects, covering all languages of instruction, trained by 2019 (gender instructions and checklists introduced)</p> <p>Textbooks and LTMs for math and science subjects for grades 7–9 developed, piloted, and printed by 2019 (gender bias in content removed, and positive images of women in “nontraditional” employment promoted)</p>	<p>MES project progress reports</p> <p>MES regulations</p>	<p>Assumptions World Bank continues to support development and printing of textbooks and teacher guides for grades 5–6</p> <p>Continued government support for the implementation of the TRS</p> <p>Risk Slower pace for policy reforms, especially during the pre-election period</p>
<p>2. Quality of teachers and teacher training</p>	<p>10,000 teachers trained on the new curriculum and textbooks for grades 7–11 by 2020 (75% women)</p>	<p>MES project progress reports</p>	<p>Assumption MES approves policies on teacher education,</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
improved	<p>1,000 school principals and deputy principals (at least 70% women) trained on school management and instructional leadership by 2020</p> <p>Professional certification (attestation) based on the new standards obtained by 30% of secondary school teachers by January 2021, in line with the national teacher development program</p> <p>At least 5 online modules for in-service training of teachers and principals or deputy principals piloted in innovative schools by 2019</p> <p>Number of male teachers increased from 15% in 2013 to 18% in 2021</p>		development, and training
3. Access to quality education through innovative schools improved	<p>All teachers from the 30 selected innovative schools trained through a continual professional development program by 2020 (75% women)</p> <p>30 selected innovative schools have functional school board of trustees by 2018 (at least 50% of chairs are women)</p> <p>Minor rehabilitation in 30 selected innovative schools completed by end of 2018; all the schools have facilities to ensure access to school buildings by students with physical disabilities</p> <p>30 selected innovative schools have prepared annual school plans by 2018</p>	MES project progress reports	Risk Governance problems related to project procurement and financial management
4. Sector and project management improved	<p>Policy recommendations for enhancing budget efficiency in education developed and endorsed by the government by 2018</p> <p>Advocacy and communication campaign on TRS and other program initiatives developed and implemented by 2018</p> <p>Textbook management information system operational by 2016 to improve management and monitoring control of textbook supply system</p> <p>Capacity building of MES includes gender awareness, and use of gender indicators in M&E and planning, including disaggregation of all data by sex, by 2018</p>	MES project progress reports	Risks Adverse public perception of paying rental fees for textbooks under the TRS Inadequate management information systems in MES limits availability of data on sector performance management
Activities with Milestones 1. Quality of curriculum and LTMs improved 1.1 Establish the curriculum review unit in 2015 at MES and convene the curriculum expert council (January 2015–March 2017) 1.2 Finalize the subject curriculum for the general tracks in 2016 and specialized tracks for grades 10–11 (July 2015–December 2017) 1.3 Design and implement training program for curriculum developers, textbook writers, and core trainers (April 2015–December 2019)			Inputs ADB (ADF): \$22,000,000 Government: \$2,120,000

<p>Activities with Milestones</p> <p>1.4 Introduce and implement the TRS with clear regulations and procedures and monitoring procedures using computerized textbook management (July 2015–June 2020)</p> <p>1.5 Redesign LTM evaluation procedures (July 2015–December 2016)</p> <p>1.6 Print and deliver textbooks and LTMs for grades 7–9 to all schools (January 2016–December 2019)</p> <p>2. Quality of teachers and in-service teacher training improved</p> <p>2.1 Develop the NTDP (April 2015–June 2017)</p> <p>2.2 Pilot the NTDP in 30 selected innovative schools (January 2016–December 2017)</p> <p>2.3 Conduct a functional analysis of teacher training system (July 2015–December 2016)</p> <p>2.4 Review and update the regulation on in-service teacher training (July 2015–December 2017)</p> <p>2.5 Design and implement training on new curricula and textbook use for teachers of math and sciences (January 2016–December 2019)</p> <p>2.6 Prepare guidelines for reintroduction of teacher attestation (certification) (January–December 2016)</p> <p>2.7 Pilot the teacher attestation (certification) among teachers of the 30 selected innovative schools (January 2017–December 2018)</p> <p>2.8 Design and begin implementation of a CPD program for principals and deputy principals of the 30 selected innovative schools through a twinning arrangement (January 2016–March 2019)</p> <p>2.9 Train 10,000 teachers and 1,000 school principals (January 2017–December 2020)</p> <p>3. Access to quality education through innovative schools improved</p> <p>3.1 Select 30 innovative schools for facilities upgrade, teacher training, and principal and/or deputy principal capacity development program (January–September 2015)</p> <p>3.2 Implement minor rehabilitation in 30 selected innovative schools (July 2015–December 2017)</p> <p>3.3 Upgrade science and multimedia laboratories of 30 selected innovative schools (April 2016–March 2018)</p> <p>3.4 Develop and begin implementation of minimum service standards for school performance (July 2015–September 2019)</p> <p>3.5 Update the TOR for board of trustees in line with the Law on the Boards of Trustees and issue a guidance manual to the board of trustees (December 2017)</p> <p>4. Strengthened sector and project management</p> <p>4.1 Establish the PIU at MES within 3 months of grant effectiveness (April 2015)</p> <p>4.2 Provide capacity building for PIU and MES staff on project planning, management, and implementation, including monitoring and evaluation (January 2015–February 2021)</p> <p>4.3 Prepare and implement advocacy and information communication campaign activities for TRS and other project components and/or initiatives (April 2015–February 2021)</p> <p>4.4 Complete all identified feasibility and research studies (July 2015–December 2018)</p> <p>4.5 Develop recommendations for the MES on optimizing education financing, increasing O&M expenditures, and total costs of universal basic education (January 2016–June 2017)</p> <p>4.6 Support the periodic monitoring and evaluation activities (GAP) and mission reviews by ADB (March 2015–February 2021)</p> <p>4.7 Prepare and submit quarterly reports to the MOF and MES (March 2015–February 2021)</p>	
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ADB = Asian Development Bank, CPD = continuous professional development, GAP = gender action plan, LTM = learning and teaching materials, M&E = monitoring and evaluation, MES = Ministry of Education and Science, MOF = Ministry of Finance, NTDP = National Teacher Development Program, OECD = Organisation for Economic Co-operation and Development; O&M = operation and maintenance, PISA = Program of International Student Achievement, PIU = project implementation unit, TOR = terms of reference, TRS = textbook rental scheme.

^a The Kyrgyz Republic school year starts in September and ends in May.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=46537-002-2>

1. Grant Agreement: Policy-Based Grant
2. Grant Agreement: Project Grant
3. Sector Assessment (Summary): Education
4. Project Administration Manual
5. Contribution to the ADB Results Framework
6. Development Coordination
7. Financial Analysis
8. Economic Analysis
9. Country Economic Indicators
10. International Monetary Fund Assessment Letter
11. Summary Poverty Reduction and Social Strategy
12. Gender Action Plan
13. Risk Assessment and Risk Management Plan
14. List of Ineligible Items

КЫРГЫЗ
РЕСПУБЛИКАСЫНЫН
ПРЕМЬЕР-МИНИСТРИ



ПРЕМЬЕР-МИНИСТР
КЫРГЫЗСКОЙ
РЕСПУБЛИКИ

720003, Бишкек ш. Абдумомунов коч., 207

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720003., г. Бишкек. Абдумомунова, 207

№ 21-28/99

President
Asian Development Bank
Manila, the Philippines.
Mr. Takehiko Nakao

DEVELOPMENT POLICY LETTER

President Nakao,

1. The Kyrgyz Republic accords high priority to strengthening the human capital base in the country, and improving the quality of education continues to be one of the top priorities of the government of the Kyrgyz Republic (the Government). Our Government's National Strategy for Sustainable Development launched in 2013 recognizes that quality of education is "one of the most reliable indicators of the future development of any nation"¹, and acknowledges the importance of education in sustaining economic growth, continued progress in reducing poverty and advancing other Millennium Development Goals.

2. The Government's emphasis on education is reflected in increasing resources directed to the sector. In 2013, the government's expenditure on education was 7.0% of the Gross Domestic Product (GDP), higher than that in comparator countries. With strong governmental support, the education sector has made considerable progress in safeguarding achievements made during the Soviet period, including maintaining a gross enrollment ratio for primary education at above 90% from 2003–2013. However, despite efforts and considerable spending, the education system continues to have constraints - while coverage is good, quality remains a challenge.

¹ National Council on the Sustainable Development of the Kyrgyz Republic. 2013. *National Sustainable Development Strategy of the Kyrgyz Republic for the Period of 2013–2017*. Bishkek.

3. The national Education Development Strategy² (EDS) for 2012–2020 provides the Government's overall strategy for strengthening the education system. As a single framework to guide all government and development partner efforts, the EDS includes 3 pillars of (i) ensuring equitable access to education services, (ii) improving quality and efficiency of education services, and (iii) institutional development and capacity building in sector management and performance. The government's action plans 2012-2014 as well as the next action plan 2015-17 (under preparation) specify in further detail the reform agenda in three-year increments. There is a joint donor statement³ indicating broad agreement with and commitment to the government's education reforms. Education will remain a high priority under the National Strategy for Sustainable Development, including continued improvement of access, quality, relevance, and management of education.

4. Among the many reform steps taken by the Government in the education sector since 2009, we would like to highlight the following: (i) development of the National Framework Curriculum for general education based on competencies and skills; (ii) approval of subject curricula for grades 1-4; (iii) introduction of the concept of profile education in grades 10 and 11 to ensure linkages between general education and the labor market; (iv) introduction of per capita financing in schools across the country to help assure a more equitable allocation of resources; (v) an increase in coverage by preschool educational institutions to 15.3% in 2013 compared to 10.8% in 2007; (vi) significant increases in teacher salaries in 2011; and (vii) establishing school Boards of Trustees to participate in school management.

5. The Government wishes to take this opportunity to thank the Asian Development Bank (ADB) for its sustained partnership in promoting its education sector goals: ADB's role has been particularly critical in supporting the re-orientation of the education sector from a planned to a market economy in the 1990s, and in helping to safeguard achievements made in the education sector during the Soviet period. This support has included the Education Sector Project (approved 1996) and the Second Education Project (approved in 2006), which have assisted critical government reforms in modernizing curriculum and textbook development, learning assessment, teaching methodologies, and improving learning environments.

² Government of the Kyrgyz Republic, Ministry of Education. 2011. *Education Development Strategy of the Kyrgyz Republic for 2012–2020*. Bishkek.

³ Government of the Kyrgyz Republic, Ministry of Finance, Ministry of Education and Science, Ministry of Labour, Migration and Youth, Aga Khan Development Network, Asian Development Bank, Delegation of the European Union, Department for International Development, GIZ, United Nations Children's Fund, United Nations Educational, Scientific and Cultural Organization, United States Agency for International Development, World Bank. 2013. *Joint Statement between the Government of the Kyrgyz Republic and Development Partners for the Education Sector SWAP 2012-2014*. Bishkek.

6. In this letter, I would like to apprise your Excellency of the next phase of incremental policy reforms in education, for which our Government has sought ADB assistance under the proposed Strengthening the Education System Sector Development Program (SESSDP). This policy framework reflected in the accompanying policy matrix, consolidates and carries forward crucial reforms in the education sector, assisting the Government to further operationalize its ongoing education reform agenda under the EDS, 2012-2020.

7. The incremental policy reforms laid out in the policy matrix support reforms in 3 areas: (i) improved quality of curriculum and teaching learning materials (LTMs); (ii) improved quality of teachers and in-service teacher training; and (iii) access to quality education improved. Under the Program component of the proposed SESSDP, the Government agrees to undertake the policy program as detailed in the policy matrix accompanying this development policy letter.

8. Improved quality of the curriculum and provision of teaching and learning materials (LTMs). Successful completion of the ongoing education curriculum reform is fundamentally important to enhance the quality of education and its relevance to the changing needs of society and the economy. The Ministry of Education and Science (MES) revised the primary curriculum (grades 1-4) that aims to be more competency-based, focused on core subjects, and oriented towards active teaching-learning, practical applications, and identification of learning outcomes. There is a need to update the secondary curriculum (grades 5-11) using similar guiding principles. Aligned with the EDS, under the policy Program, we will undertake actions to achieve further progress in 4 areas: (i) improving planning and management of curriculum development through establishing of an authorized Curriculum Review Unit under MES and a periodic curriculum review by the Curriculum Expert Council; (ii) development of subject curriculum for math and sciences in grades 10-11 (both general and profile streams), (iii) improving textbook development, publishing and distribution; and (iv) improving financial sustainability and provision of textbooks through introduction of a textbook rental scheme (TRS) to improve access to textbooks for all students.

9. To support the improved development and delivery of the curriculum and provision of textbooks and LTMs, as a condition for release of the first policy tranche, the MES will (i) prepare a draft Policy Note on (a) the establishment of the Curriculum Review Unit under MES and its functions and (b) process of curriculum review through a Curriculum Expert Council, representing key stakeholders; (ii) submit to the Government for approval and the Government will approve the National Curriculum Framework, with emphasis on competencies and relevance to labor market in curriculum design; (iii) complete a review of a textbook distribution system in grades 1-4 and finalize recommendations for improving textbook distribution; (iv) pass an amendment to the Law on Education

to provide a legal basis for the textbook rental scheme; (v) develop and implement a communication and advocacy campaign including roundtable discussions, TV programs and newspaper articles to introduce the TRS; (vi) develop and circulate for inter-ministerial discussion, and submit to the government for approval, a draft regulation on the TRS that defines the objectives and implementation arrangements. Thereafter, as a condition for release of the second tranche, (i) the Government will establish the Curriculum Review Unit under MES; (ii) MES will convene the Curriculum Expert Council, including defining its detailed functions and responsibilities, membership and financing arrangement; (iii) the Curriculum Expert Council will complete the curriculum review for grades 1-4, including an assessment of the curriculum's effectiveness to promote skills and competencies, based on evidence collected by the Curriculum Review Unit under MES; (iv) the Government will approve subject curriculum for math and sciences for grades 10-11 (both general and profile streams) developed, piloted and reviewed by MES in line with the National Curriculum Framework; (v) the MES will approve regulation(s) on textbook development, evaluation, publishing and distribution in order to: (a) update curriculum and textbook evaluation methodology to ensure transparency, open competition among textbook authors, and relevance of submitted textbook manuscripts; and (b) improve scheduling and administration of pilot testing of the curriculum and textbooks to expedite roll-out and delivery of the new curriculum; (vi) the Government will approve a regulation on the textbook rental scheme and MES will issue the implementation guidelines; (vii) MES will start implementation and complete review of the first year of implementation of the TRS; and (viii) the Government will make a budget allocation (which will be made available from the beginning of, and throughout, the applicable Financial Year) of at least SOM120,000,000 for school textbooks for Financial Years 2015, 2016, and 2017 and will finance this amount in Financial Years 2015, 2016, and 2017.

10. Improved quality of teachers and in-service teacher training. Aligned with the EDS 2012-2020, to further professionalize the teaching profession and improve the quality of the teaching workforce, MES will carry out a sequence of actions to ensure teachers are adequately prepared to teach the revised lower secondary and upper secondary education curriculum, to develop a systematic approach to teacher management and professional development, re-introduce a teacher ranking system; and strengthen capacity of principals, deputy principals, and district level methodology specialists in school management and instructional leadership.

11. To support *teacher management, career progression planning, and in-service teacher training*, MES will, as a condition for release of the first policy tranche, (i) develop a draft Policy Note on National Teacher Development Program (NTDP) which defines the strategies and guidelines for teacher management,

teacher appraisal and certification, and quality assurance standards for teacher training providers, and introduces a teacher ranking and progression system with differentiated salary; (ii) develop draft regulation on Continuous Professional Development (CPD), in alignment with the draft Policy Note on NTDP; (iii) carry out roundtable discussions on proposed NTDP and CPD with key stakeholders (including teacher training institutes, teachers, principals, department heads of universities, non-governmental organizations); (iv) include an in-service teacher training plan in the draft Action Plan 2015-2017 to implement the EDS 2020; and (v) prepare a draft training plan for principals, deputy principals, staff of teacher training institutes, and district methodology specialists, setting out scope and structure, modes of delivery, institutional arrangements and financial provisions of the relevant courses/modules. This will be followed, as a condition for release of the second policy tranche, by (i) MES approval of NTDP and CPD; (ii) the Government's establishment of a teacher ranking system and career progression of teachers with differentiated salary, including its institutional and funding mechanisms; (iii) MES update of a Regulation on In-service teacher training to reflect NTDP; (iv) inclusion of the in-service teaching training plan in MES' Action Plan 2015-2017; and (vi) MES approval of the training plan for principals, deputy principals, staff of teacher training institutes, and district methodology specialists and commencement of implementation of the training plan for at least 100 participants.

12. A final group of actions to support Improved Learning Environments in Innovative Schools will promote development of innovative schools that will be transformed into training- and resource-centers for a cluster of surrounding schools. First, as a condition for release of the first policy tranche, MES will (i) prepare a regulation on innovative schools to clarify key features of innovative schools, including objectives and functions, selection criteria and procedures, funding mechanisms, policies and procedures for upgrading facilities based on needs, and monitoring and evaluation of innovative schools and (ii) discuss the proposed regulation on innovative schools with key stakeholders (including teacher training institutes, teachers, principals, department heads of universities, non-governmental organizations). Thereafter, as a condition for release of the second tranche, (i) the Government will approve the regulation on innovative schools; (ii) the Government will amend existing regulatory acts to allow innovative schools: (a) autonomy to enrich curriculum and adapt delivery methods in these subjects to meet national curriculum objectives; and (b) additional funding to carry out cluster-based training and mentoring and for operation and maintenance to maintain labs and science equipment through a revised per capita financing formula. Further, as a condition for release of the second tranche MES will (iii) develop, approve, and start implementation of minimum service standards for

school performance in the 30 innovative schools and complete review of the first year of implementation; and (iv) will prepare a draft 10-year action plan for development of innovative schools.

13. Second, to further empower participation of communities in school management, as a condition for release of the first tranche, the Government will have passed the Law on Board of Trustees setting out the terms of reference of Board of Trustees for agencies that provide social services. This will be followed, as a condition for release of the second policy tranche, by (i) MES issuance of an updated ministerial order on School Board of Trustees in line with the Law on Board of Trustees to promote enhanced involvement of School Board of Trustees in budget hearing, community participation and school management; and (ii) MES issuance of a ministerial order approving a guidance manual for the functioning of the School Board of Trustees.

14. Alongside the specific policy actions noted above, I would like to highlight the Government's commitment to promoting equity in all of these reform areas, as part of the sustained efforts to promote inclusive education that responds to the needs of disadvantaged groups, ethnic minority children, and girls. The Gender Action Plan (GAP) developed for the SESSDP is fully consistent with the Government's National Strategy for Sustainable Development and other policy directions. Reflecting the Government's strong commitment to equity, a high priority will be placed on implementing the GAP initiatives during the course of the program and the project.

15. Finally, as ADB continues its support to our Government in advancing national education sector goals under the proposed SESSDP and more broadly, we wish to confirm our commitment to further policy and strategy dialogue with you. The Government also wishes to reaffirm its commitment to continue its partnership with ADB in promoting inclusive and sustainable growth in our country through education sector reforms and improvements.

Sincerely yours,



Dj.K. Otorbaev

POLICY MATRIX

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
Output 1: Quality of Curriculum and Teaching and Learning Materials Improved					
1.1 Improved planning and management in curriculum development	MES to have prepared a draft Policy Note on (a) the establishment of an authorized curriculum review unit under MES and its functions and (b) process of curriculum review through a Curriculum Expert Council representing key stakeholders	June 2014	MES to have established the Curriculum Review Unit and to have convened the Curriculum Expert Council including defining its detailed functions and responsibilities, membership and financing arrangement. Curriculum Expert Council to have completed a curriculum review for grades 1-4, including an assessment of the curriculum's effectiveness to promote skills and competencies, based on evidence collected by the Curriculum Review Unit.	May 2017	1 st Tranche: <ul style="list-style-type: none"> • Draft Policy Note 2 nd Tranche: <ul style="list-style-type: none"> • Government regulation approving the establishment of Curriculum Review Unit • MES ministerial order approving the convening of the Curriculum Expert Council including implementation guidelines for curriculum review • Report on the curriculum review of the updated curriculum for grades 1–4
1.2 Curriculum development for priority subjects in grades 10–11 (both general and profile streams)	The Government to have approved the National Curriculum Framework, with emphasis on competencies and relevance to labor market in curriculum design.	June 2014	Government to have approved subject curriculum for math and sciences for grades 10–11 (both general and profile streams) developed, piloted and reviewed by MES in line	May 2017	1 st Tranche: <ul style="list-style-type: none"> • Copy of the approved the National Curriculum Framework • The government resolution approving the National Curriculum Framework

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
			with the National Curriculum Framework		2 nd Tranche: <ul style="list-style-type: none"> • Government regulation approving the subject curriculum in math and sciences subjects in grades 10-11. • MES report on pilot and review of the subject curriculum in math and sciences subjects in grades 10–11
1.3 Improving textbook development, publishing and distribution.	MES to have completed review of the textbook distribution system in grades 1–4 and finalized recommendations for improving textbook distribution	June 2014	MES to have approved revised procedures on textbook development, evaluation, publishing and distribution in order to: <ul style="list-style-type: none"> (i) update curriculum and textbook evaluation methodology to ensure transparency, open competition among textbook authors, and relevance of submitted textbook manuscripts; (ii) improve scheduling and administration of pilot testing of the curriculum and textbooks to expedite roll-out and delivery of the new 	May 2017	1 st Tranche: <ul style="list-style-type: none"> • MES report on the review of textbook distribution system in grades 1-4 with recommendations 2 nd Tranche: <ul style="list-style-type: none"> • MES ministerial order on textbook development, evaluation, publishing and distribution

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
			<p>curriculum; and</p> <p>(iii) include guidance on gender-sensitive provisions in textbooks.</p>		
<p>1.4 Improving financial sustainability and provision of textbooks</p>	<p>Amendment to Law on Education passed to provide a legal basis for a textbook rental scheme</p> <p>MES to have developed and implemented a communication and advocacy campaign including roundtable discussions, TV programs and newspaper articles to introduce the textbook rental scheme</p> <p>MES to have developed and circulated for inter-ministerial discussion, and submitted to the government for approval, a draft regulation on a textbook rental scheme that defines the objectives and implementation arrangements</p>	<p>June 2014</p>	<p>Government to have approved a regulation on the textbook rental scheme and MES to have issued the implementation guidelines</p> <p>MES to have started implementation and completed review of the first year of implementation of the textbook rental scheme.</p> <p>Government to have made a budget allocation (which will be made available from the beginning of, and throughout, the applicable Financial Year) of and financed at least Som120,000,000 for school textbooks for Financial Years 2015, 2016, and 2017</p>	<p>May 2017</p>	<p>1st Tranche:</p> <ul style="list-style-type: none"> • Amendment to Law on Education • MES plan for communication and advocacy campaign. • Report on communication and advocacy activities conducted. • Draft regulation on the textbook rental scheme. <p>2nd Tranche:</p> <ul style="list-style-type: none"> • Government regulation on the textbook rental scheme • Implementation guidelines issued by MES • Report on implementation of the TRS • Approved Government budget for 2015, 2016, and 2017

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
Output 2: Quality of teachers and in-service teacher training improved					
<p>2.1 Improving management, career progression planning, and in-service teacher training.</p>	<p>MES to have developed a draft Policy Note on National Teacher Development Program (NTDP) which:</p> <p>(i) defines the strategies and guidelines for teacher management, teacher appraisal and certification, and quality assurance standards for teacher training providers;</p> <p>(ii) introduces a teacher ranking and progression system with differentiated salary; and</p> <p>(iii) ensures integration of gender into the NTDP</p> <p>MES to have developed draft regulation on Continuous Professional Development (CPD), in alignment with the draft Policy Note on NTDP</p> <p>MES to have held roundtable discussions on proposed NTDP and CPD</p>	<p>June 2014</p>	<p>MES to have approved NTDP and CPD</p> <p>Government to have established a teacher ranking system and career progression of teachers with differentiated salary, including its institutional and funding mechanisms</p> <p>MES to have updated Regulation on In-service teacher training to reflect NTDP</p> <p>MES to have included the in-service teaching training plan in MES' Action Plan 2015-2017</p>	<p>May 2017</p>	<p>1st Tranche:</p> <ul style="list-style-type: none"> • Draft Policy Note on NTDP • Draft regulation on CPD • Minutes of the roundtable on draft Policy Note on NTDP • Minutes of the roundtable on draft regulation on CPD • Draft Action Plan 2015–2017 and MES' formal request for inter-departmental review of the draft Action Plan 2015–2017 <p>2nd Tranche:</p> <ul style="list-style-type: none"> • MES ministerial order approving the NTDP and CPD • Government regulation on Teacher Ranking System • Updated MES regulation on In-service teacher training that includes NTDP • MES' Action Plan 2015–2017

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
	<p>with key stakeholders (including teacher training institutes, teachers, principals, department heads of universities, non-governmental organizations)</p> <p>MES to have included an in-service teacher training plan in the draft Action Plan 2015–2017 to implement the Education Development Strategy 2020</p>				
2.2 Strengthening the capacity of principals, deputy principals, TTI staff, and district methodology specialists on school management and instructional leadership	MES to have prepared a draft training plan for principals, deputy principals, TTI staff and district methodology specialists, setting out scope and structure, modes of delivery, institutional arrangements and financial provisions of the relevant courses/modules	June 2014	MES to have approved training plan for principals, deputy principals, TTI staff and district methodology specialists and to have implemented the training plan for at least 100 participants	May 2017	<p>1st Tranche:</p> <ul style="list-style-type: none"> • Draft training plan • Minutes of internal MES meeting(s) to discuss the draft training plan <p>2nd Tranche:</p> <ul style="list-style-type: none"> • MES ministerial order approving the final training plan • Report on implementation of training plan for at least 100 participants
Output 3: Improved Learning Environments in Innovative Schools					
3.1 Establishing innovative schools	MES to have prepared a draft regulation on	June 2014	Government to have approved regulation on	May 2017	<p>1st Tranche:</p> <ul style="list-style-type: none"> • Copy of the draft Government

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
to improve resource- and capacity-sharing	<p>innovative schools to clarify key features of innovative schools, including objectives and functions, selection criteria and procedures, funding mechanisms, policies and procedures for upgrading facilities based on needs, and monitoring and evaluation of innovative schools</p> <p>MES to have discussed proposed regulation on innovative schools with key stakeholders (including teacher training institutes, teachers, principals, department heads of universities, non-governmental organizations)</p>		<p>innovative schools</p> <p>Government or MES to have amended existing regulatory acts to allow innovative schools:</p> <p>(i) autonomy to enrich curriculum and adapt delivery methods in these subjects to meet national curriculum objectives; and</p> <p>(ii) additional funding to carry out cluster-based training and mentoring and for operation and maintenance to maintain labs and science equipment through a revised per capita financing formula</p> <p>MES to have developed, approved, and started implementation of minimum service standards (MSS) for school performance in the 30 innovative schools and completed review of first year of</p>		<p>regulation on innovative schools</p> <ul style="list-style-type: none"> • Minutes of the roundtable on the proposed regulation on innovative schools <p>2nd Tranche:</p> <ul style="list-style-type: none"> • Government approval of the Regulation of innovative schools • Government regulation to allow innovative schools to enrich curriculum and to have autonomy in adapting curriculum • Government regulation on revised Per capita financing formula • Government regulation on minimum service standards for school performance • Report on implementation of the minimum service standards for school performance • Draft 10-year action plan for innovative schools

Outputs and Policy Areas	Policy Actions for 1 st Tranche Release (\$3 million)	Target Date	Policy Actions for 2 nd Tranche Release (\$7 million)	Target Date	Protocol and Means of Verification / Monitoring Indicators
			<p>implementation</p> <p>MES to have prepared a draft 10-year action plan for development of innovative schools</p>		
<p>3.2 Strengthening the functions of the school boards of trustees.</p>	<p>Government to have passed the Law on Board of Trustees setting out the terms of reference of boards of trustees for agencies that provide social services</p>	<p>June 2014</p>	<p>MES to have updated the ministerial order on school boards of trustees in line with the Law on Board of Trustees to promote enhanced involvement of school boards of trustees in budget hearing, community participation and school management</p> <p>MES to have issued a Ministerial order approving a guidance manual for the functioning of the school boards of trustees</p>	<p>May 2017</p>	<p>1st Tranche:</p> <ul style="list-style-type: none"> • Law on Board of Trustees <p>2nd Tranche:</p> <ul style="list-style-type: none"> • Updated MES ministerial order on school boards of trustees • MES Ministerial order approving a guidance manual for functioning of school boards of trustees issued