

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED  
SAFEGUARDS DATA SHEET (PID/ISDS)  
CONCEPT STAGE**

**Report No.:** PIDISDSC16513

**Date Prepared/Updated:** 08-Mar-2016

**I. BASIC INFORMATION**

**A. Basic Project Data**

<b>Country:</b>	Serbia	<b>Project ID:</b>	P157117
		<b>Parent Project ID (if any):</b>	
<b>Project Name:</b>	Serbia ECD and Inclusive Education Project (P157117)		
<b>Region:</b>	EUROPE AND CENTRAL ASIA		
<b>Estimated Appraisal Date:</b>	24-Oct-2016	<b>Estimated Board Date:</b>	13-Dec-2016
<b>Practice Area (Lead):</b>	Education	<b>Lending Instrument:</b>	Investment Project Financing
<b>Borrower(s):</b>	Ministry of Finance		
<b>Implementing Agency:</b>	Minister of Education, Science and Technological Development		
<b>Financing (in USD Million)</b>			
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			50.00
Financing Gap			0.00
Total Project Cost			50.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Concept Review Decision:</b>	Track II - The review did authorize the preparation to continue		
<b>Is this a Repeater project?</b>	No		
<b>Other Decision (as needed):</b>			

**B. Introduction and Context**

**Country Context**

Serbia made considerable progress in terms of both growth and poverty reduction between 2001 and 2008, however, economic growth has stalled since then, and progress on poverty reduction and shared prosperity has reversed. The pre-crisis growth averaged 5.0 percent annually and benefitted the bottom 40 percent of the population. At the same time, poverty headcount declined from 14 percent in 2002 to 6.6 percent in 2007. As in many neighboring countries, Serbia's pre-crisis growth was driven by high domestic demand and significant capital inflows. Consumption, both private and government, contributed significantly to growth. This consumption-fueled growth, however, proved unsustainable. Serbia saw economic contractions in 2009, 2012, and in 2014. After the crisis, poverty climbed from 6.1 percent in 2008 to 9.2 percent in 2010. Rural poverty and losses in employment and labor incomes were the main reason for the decline in the bottom 40 percent of the population's welfare after 2008. The contribution of total factor productivity has perceptibly deteriorated since 2008 as well.

### **Sectoral and Institutional Context**

Local governments are responsible for the provision of preschool services and account for almost 20 percent of all public expenditures on education, equal to 0.90 percent of GDP. A significant extent of these expenditures at the local level are expected to be spent on preschool, limiting the scope for further investments in Early Childhood Development at the local level. Overall, local governments spend a higher share of their total expenditures on education (14.2 percent) than the national government (10.4 percent). Based on the data collected from 10 sampled municipalities, major preschool expenditure components for children between 3 to 5.5 years attending full-day kindergarten are the following: Salaries and related contributions take up about 65 percent of total preschool expenditures; food and nutrition 12 percent, and other current expenditures constitute 19 percent. Overall, local governments in Serbia spent around 139 million EUR (expressed in December 2009 EUR) annually on preschool education. This amount reaches 173 million EUR when parent's contributions (usually on the 20 percent copayment range) are taken into consideration. Adding the 20 percent which constitute parents' contributions, total expenditures reached the amount of around 173 million EUR, according to UNICEF, 2012.

Budgets of local governments cover 80 percent of the total preschool expenses and parents contribute additional 20 percent to the costs of ECD. However, there are geographical disparities in the access to ECD programs because municipal budgets differ widely in resources. Preschool institutions in Serbia are unevenly geographically distributed, such that the preschool institutions are virtually absent in places where there is the highest need for stimulation of children's early development (i.e., in underdeveloped, low-income, and rural areas (UNICEF, 2012). Further, up to 20 percent of the costs of these ECD services are recovered by user fees, with the poorest households unable to afford them. As a result, households from the top quintile that can afford preschool services are the primary beneficiary of government subsidies under a highly regressive funding-model. In contrast, spending on primary education seems to benefit the poor because it is targeted at rural schools and schools that serve students from lower socioeconomic backgrounds, although it is not enough to offset the gap in performance between rural and urban students and/or to compensate for an already existing performance gap to which the financing approach to ECD contributes. In summary, the system keeps producing better educational outcomes for urban and more affluent populations.

### **Relationship to CAS/CPS/CPF**

The Government of Serbia and the World Bank have identified skills development and inclusion of vulnerable groups as strategic priorities for their next phase of cooperation, based on a Systematic Country Diagnostic (SCD) and a Public Finance Review, and summarized in a Country Partnership Framework (CPF) for [YEARS?] between the two partners.

The SCD highlights the importance of building human capital to increase labor productivity and enhance inclusion, including closing education enrollment gaps for low-income groups and Roma in pre-primary and tertiary education. ECD plays a critical role in laying the necessary foundation for skills development early on. The WBG is a leading partner to the government in knowledge work around the job creation and skills agenda, working on a broad range of reforms from National Employment Service Reform and labor market regulation to addressing current and future skill gaps.

Accordingly, closing medium and long terms skills gaps is listed as an objective under Focus Area 2 ‘Private sector growth and economic inclusions’ of the CPF. At the same time, the work on the institutional network, capacity of key actors and more efficient financing under the new ECD and Inclusive Education project will also contribute to Focus Area 2 ‘Economic governance and the role of the state’ and in particular to objective ‘More efficient [...] service delivery’. The ECD and Inclusive Education Project is included in the CPF. Achieving 98 percent enrollment of children age 6 is listed as a CPF indicator with the establishment of a body for accreditation of preschool institutions and programs as supplementary progress indicator.

### **C. Proposed Development Objective(s)**

#### **Proposed Development Objective(s) (From PCN)**

The PDO is to expand access to quality Early Childhood Development services, in particular for children from socially disadvantaged backgrounds.

#### **Key Results (From PCN)**

The PDO is to expand access to quality Early Childhood Development services, in particular for children from socially disadvantaged backgrounds.

#### **Key Results (From PCN)**

The PDO indicators will be the following:

#### **PDO indicator**

Indicator 1: Enrollment for 3 – 5.5 year olds. Assessed aspect of PDO: Improved access to ECD

Indicator 2: Improved school readiness of children entering first grade. Assessed aspect of PDO: Enhanced quality of services

Indicator 3: Improved cognitive and socio-emotional skills of target group. Assessed aspect of PDO: Expanded access to ECD for socially disadvantaged backgrounds

1. Key result: Expanded access to ECD for 3 – 5.5 year olds and intermediary indicators
2. Key result: Increased quality of teaching and learning at preschool and intermediary indicators
3. Key result: Improved skills of young (0 – 3 years) children from vulnerable families and intermediary indicators

### **D. Concept Description**

The proposed project would benefit in particular children from poor and minority backgrounds and provide them with a critically needed head-start in terms of educational inclusion and skills acquisition.

As numerous Bank studies have shown, acquisition of foundational skills providing the basis and precondition for further learning is not only crucial for the individuals concerned but also for Serbia's economy, as lack of relevant skills among youth may hamper Serbia's productivity, competitiveness and overall economic development. Improving the skills of the labor force in the medium term in Serbia requires improvements in the education system today because firms will not invest in setting up export oriented industries if adequate skills are missing from the population. Inclusive ECD with broad coverage is not only a matter of fairness but also an important economic consideration in a context of demographic decline where a sound endowment with skills and future labor market integration of all segments of the population will be needed.

The basis for the acquisition of foundational skills needs to be laid early on. However, preschool for children between the ages of three and five currently reaches only 50 percent of all children in Serbia – a much lower percentage than in neighboring countries - and only five percent of Roma boys and seven percent of Roma girls living in informal settlements. Moreover, pre-school coverage of children from the poorest households – which are those with the highest returns to ECD investments - decreased from 22 to only nine percent from 2010 to 2014, also due to the inequitable financing scheme currently in place (UNICEF, MICS5, 2014).

The project would support quality early learning in connection with other ECD measures for different age-groups: pre-school children (3 – 4; 4 – 5.5 years); younger children (0 – 3 years) and their families but also strengthen the transition into primary education, including for children attending Preparatory Preschool Programs (age 5.5 plus) and during early years of primary with a focus on inclusive education and learning. Inclusive education refers not only to children from excluded minorities but also to other vulnerable groups and children with disability. Other aspects of the project include expansion of access to ECD, especially for children from lower socio-economic and vulnerable backgrounds; revision of ECD financing and more efficient use of the ECD and primary school network.

The Project would assist the Government in: 1) improving the ECD network and access to preschool (including revision of the financing system); 2) promoting quality of teaching and learning at preschool (including teacher training and continuous professional development; curriculum development), and 3) supporting parents and young children from vulnerable backgrounds. Within each of these components particular focus will be put on children and parents from vulnerable groups, Roma children and parents in particular.

#### Component 1: Improving Access to Early Childhood Development

This component aims to increase access to Early Childhood Education and Care for 3-6.5 year old children across the country, with a particular focus on children from vulnerable groups and children with disability by increasing the availability of ECD services and stimulating demand for ECD services.

This component will focus work on improving and extending the existing ECD infrastructure and construction of the new ECD infrastructure, as well as improving approaches to design and physical outlay of child-centred ECD facilities. Primary education facilities which are not or less needed due demographic decline will be converted into ECD facilities. Where this is not sufficient to increase capacity for full coverage of 3 – 6.5 year olds (current mandatory pre-school year, planned universal enrolment as of 4 years and increase in enrolment for 3 plus), new ECD

facilities will be constructed and equipped under the project, taking developments and innovative approaches to child-centred construction and equipment of ECD facilities into account. Important decisions during preparation phase will include the chosen model/coverage in terms of time at ECD facilities for different age groups.

This component will also support work related to the reform of the financing model putting particular focus on current inequalities in coverage which are related to levels of municipal development and parental income.

#### Component 2: Ensuring the quality of ECD service delivery and Inclusive Education

This component will include: (i) strengthening pre-service teacher training for the formal pre-primary school program as well as in-service teacher training, (ii) identifying and training of preschool teachers to support the expansion of the PPP for 3-5.5 years old children, (iii) training for Early Childhood Education (ECE) teachers as well as administrators and other decision-makers to improve their capacity to monitor ECD programs, effectively manage programs and institutions and establish and maintain a constructive dialogue with families, (iv) supporting the development of broader measures to ensure a good transition to primary school and measures to strengthen Inclusive Education at preschool and primary level in line with the 2009 legislation on Inclusive Education, (v) curriculum development, including the development of age-appropriate teaching-learning materials, (vi) supporting the enhancement of ECD quality assurance including development of early learning standards, accreditation procedures and regulation of providers, and (vii) capacity building for relevant authorities and opportunities to work cross-sectorally (education, health social protection) at the institutional level. A key outcome will be an improved school readiness of children, including those from vulnerable backgrounds.

#### Component 3: Support to parents and young children from vulnerable backgrounds

This component focuses on young children from vulnerable backgrounds (0 – 3) and their families (while outreach activities, e.g. regarding parenting, could go beyond and cover broader population groups). In addition to Roma children, this would include families from lower socio-economic backgrounds as well as children with disabilities. There are two principal options for targeted support which should complement each other: i) targeted support for parenting interventions for vulnerable families with children age 0 to 3 mainly in their home/community environment including through partnerships with social services (ECD facilities, Roma Health Mediators etc.) and/or ii) support expansion of service access, including identifying appropriate intervention models for various vulnerable groups. Both approaches would include reaching out to these families through innovative uses of educational and social media.

## II. SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project location is in Serbia. The project will involve construction or rehabilitation of facilities (including underused primary school facilities) as well as equipment of preschool facilities. These facilities are located throughout the country. At present, there is no indication of the number of facilities that will be included in the Project.

### B. Borrower's Institutional Capacity for Safeguard Policies

The Ministry of Education and Science participated in the implementation of World Bank funded projects in the past. However, due to high turn-over of respective staff and PIU centered implementation arrangements of the previous Project, it is unlikely that the adequate safeguards capacity for the implementation of the new projects remained in the Ministry. This will be further assessed during Project preparation.

### C. Environmental and Social Safeguards Specialists on the Team

Ifeta Smajic (GSU03)

Nikola Ille (GEN03)

### D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The policy is triggered due to activities in Component 1 – which, among others, envisage works on improving and extending the existing ECD infrastructure and construction of the new ECD infrastructure and facilities. Currently, locations of these facilities are unknown, but are expected to be in urban and semi-urban settlements throughout Serbia.
Natural Habitats OP/BP 4.04	No	The Project will not involve activities in or adjacent to protected natural habitats.
Forests OP/BP 4.36	No	Not relevant
Pest Management OP 4.09	No	Not relevant
Physical Cultural Resources OP/BP 4.11	Yes	Since the location of all facilities are not fully known, it is possible that Project activities will include rehabilitation works on some of the already existing facilities located in already protected buildings. In these cases, besides obtaining permits and conditions from the respective national institutions (Institutes for Cultural Heritage Protection), the site-specific ESMPs will contain a chance finds procedures.
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	TBD	
Safety of Dams OP/BP 4.37	No	Not relevant
Projects on International Waterways OP/BP 7.50	No	Not relevant

Projects in Disputed Areas OP/ BP 7.60	No	
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## **E. Safeguard Preparation Plan**

### **1. Tentative target date for preparing the PAD Stage ISDS**

15-Aug-2017

### **2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.**

Due to the fact that locations of all ECD facilities to be included in the Project will not be fully known before the Project Appraisal, the Project will prepare an Environmental and Social Management Framework (ESMF), which will, among others, include generic ESMP for the construction of the new facilities as well as an Environmental Checklist for minor rehabilitation works on already existing facilities. The Project will also, by the Appraisal, have identified at least one location where the new facility will be build, and for this case a site-specific Environmental and Social Management Plan (ESMP) will be prepared. Both Project-specific ESMF and site-specific ESMP will be prepared, approved by the Bank and disclosed in country by the Appraisal. Subsequent ESMPs and/or Environmental Checklists will be prepared successively as the respective facilities be identified and included in the Project.

Further, the team will consult with MoESTD and local self-administration in order to determine if OP4.12 could potentially be triggered. If triggered, a Resettlement Plan Framework will be prepared and disclosed prior to Appraisal with site-specific Resettlement Action Framework prepared as needed.

Social risks have been rated as moderate; however, a stand-alone social impact assessment is foreseen. Plans for sector and stakeholder consultations have been described in separate document on planned sector consultations (with input from social safeguards specialist) which is currently subject of exchange between the Bank team, counterparts and partners. Stakeholder consultations are planned for Summer 2015, in cooperation with MoESTD and local self-administration. Additional consultation modalities will be envisaged to reach vulnerable groups.

Some potential social impacts include: (i) the project aims to provide joint facilities for Roma and non-Roma children, but it is important to assess the accessibility for very young children of ECD facilities built within vs. outside predominantly Roma settlements; and (ii) strategies for managing potential social conflicts between Roma and non-Roma families who might resist the inclusion approach foreseen by the Government. It will also be important to ensure that the curriculum does not undermine Roma culture and values. The Team confirmed that they are consulting with WB's specialist on disabled access to ensure in-depth consideration of this aspect in design of ECD facilities.

## **III. Contact point**

### **World Bank**

Contact: Sophie Naudeau

Title: Senior Education Specialist

### **Borrower/Client/Recipient**

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 Contact: H.E. Mr. Dusan Vujovic  
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**Implementing Agencies**

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**IV. For more information contact:**

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**V. Approval**

Task Team Leader(s):	Name: Sophie Naudeau	
<b><i>Approved By</i></b>		
Safeguards Advisor:	Name: Agnes I. Kiss (SA)	Date: 08-Mar-2016
Practice Manager/ Manager:	Name: Mario Cristian Aedo Inostroza (PMGR)	Date: 10-Mar-2016
Country Director:	Name: Lada Strelkova (CD)	Date: 26-Sep-2016

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.