

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB1802

Project Name	Education Excellence and Equity Program
Region	EUROPE AND CENTRAL ASIA
Sector	Primary education (40%);Secondary education (25%);Tertiary education (20%);Central government administration (10%);Sub-national government administration (5%)
Project ID	P078933
Borrower(s)	REPUBLIC OF ALBANIA
Implementing Agency	
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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1. Key development issues and rationale for Bank involvement

Albania has successfully built the foundations of a market-based economy, created democratic institutions and gradually built capacity in the public administration since the economic and political transition in the early 1990s. Albania has maintained macroeconomic stability and average real GDP growth rates of over 5 percent for the last five years – the highest in Southeastern Europe. Maintaining this performance will be increasingly difficult however, and Albania will need to attract much needed foreign direct investment, increase public and private savings, accelerate accumulation of physical and human capital, and improve governance structures. Despite GDP per capita reaching an estimated US\$2,060 in 2004, widespread poverty, high unemployment, and wide regional disparities remain daunting challenges. Eventual membership in the European Union (EU) remains an overarching long-term vision in the country, and negotiations on a Stabilization and Association Agreement with the EU have been a national priority.

The performance of the education sector will be a key determinant of Albania's future competitiveness and economic growth. Given Albania's aspirations to maintain its growth, narrow regional disparities and join the European Union, the main challenge in the education sector is to develop a system and institutions which prepare school graduates to effectively function in labor markets, become active citizens and contribute to strengthening Albania's competitiveness. The importance of investing in human capital is especially pronounced in resource-scarce Albania. The quality and relevance of education must be raised substantially at all levels, and the continuation of recent reforms to this end is thus of critical importance.

Key Sector Issues

Albania's educational outcomes are poor, particularly when measured against labor market needs and achievements in other countries in the region against which Albania's labor force

needs to compete. Albanian children on average complete 8.6 years of schooling, which lags substantially behind that of its neighbors and falls almost 6 years below the OECD average. While universal primary education has been achieved, secondary education (Grades 9-12) enrollment rate is low at around 50 percent. Low average educational attainments are compounded by marked variations across regions and income groups. For example, the net secondary enrollment rate is 70 percent in Tirana, 60 percent in other urban cities, and only 25 percent in rural areas. In addition, Albanian students scored second worst in the international assessments of student learning outcomes in reading, mathematics and science literacy (Programme for International Student Assessment 2000). Their performance lags behind other countries in the region against which Albania's labor force competes. Although the trend is on the rise, higher education enrollment rate remains low at around 13 percent, and the system is not adapted to changing labor market needs.

Declining public spending on education contributed to declines in education quality, especially for children coming from poor families, rural areas, and peri-urban areas. Limited public spending on education resulted in cost sharing of schooling with households which have negatively affected the enrollment of poor children. Public spending on education as a share of GDP declined steadily from 3.7 percent in 1995 to 2.8 percent in 2004. This is substantially lower than the OECD average (approximately 5.2 percent) or the average of other Southeast European countries (above 4 percent) or other lower-middle income countries.¹ Public spending on education as a share of the total public expenditure has remained at approximately 10 percent since 1995, which again compares unfavorably to the average of new EU countries (14 percent) or other lower-middle income countries.² Schools in urban and peri-urban areas are overcrowded, sometimes over 50-60 students in a classroom, and many schools are operating with double or triple shifts. On the other hand, schools in remote areas have very small student-teacher ratio as population declines or migrates to urban cities. While efforts have been made to increase wages for teachers, particularly in rural areas, the budget for non-salary recurrent expenditures has remained limited (approximately 12 percent of the total recurrent budget in education), resulting in inadequate provision of teaching-learning materials, teacher training and facilities maintenance.

Government's Reform Efforts

Albania developed the National Education Strategy 2004-2015, which focuses on pre-university education. The Strategy identifies four priority areas, and establishes related objectives, indicators to measure achievement and the timetable for implementation. The four priority areas include: (i) governance – reforming and strengthening management capacity, (ii) improving the quality of the teaching and learning process, (iii) financing pre-university education, and (iv) capacity building and human resource development. This Strategy provides a credible roadmap to help strengthen the sector's performance and serves as a basis for concerted efforts to achieve better learning outcomes in a more equitable and efficient manner.

¹ For example, 5.4 percent in Ukraine, 4.9 percent in Iran, 4.6 percent in Viet Nam, 4.9 percent in Moldova, and 6.3 percent in Bolivia.

² For example, 20.3 percent in Ukraine, 17.7 percent in Iran, 18.6 percent in Viet Nam, 21.4 percent in Moldova, and 19.7 percent in Bolivia.

To upgrade the quality and relevance of pre-tertiary education, curriculum and textbook reforms have been initiated, aiming to complete implementation of a revised basic education curriculum by 2010 and of a secondary education curriculum by 2015. Efforts to improve the quality of teaching include the development of competencies for teachers and a teacher accreditation system, introduction of an in-service training program and reforms in pre-service training. Competition in textbook printing was introduced in 2003, which resulted in 50 percent reduction in printing cost. The National Center for Assessment and Evaluation has been established to carry out independent student learning assessment and to support university entrance examinations.

Decentralization of the education system management and service delivery at the pre-university level is a core aspect of Albania's ongoing broader decentralization efforts. The decentralization process of the pre-university education system is based on the following guiding principles³: (i) striving for high academic achievements and administrative effectiveness and transparency, (ii) a culture of measurement, (iii) performance-based management, (iv) new role for school principals, and (v) participatory approach. Under the decentralized system, schools are required to take increased responsibility for planning and managing the development of services they deliver along with the associated quality improvement procedures.⁴

Albania became a full member of the Bologna declaration in 2003. The reform agenda in tertiary education includes the modernization of the course structure and curriculum, improvement of legislation and funding formula, stronger linkages between research and teaching, an enhanced quality assurance and accreditation mechanism, and enhanced linkages with the labor market.

All of these reform initiatives are ambitious and in their early stages of implementation. A critical task for MoES and all the stakeholders is to prioritize and sequence reform activities, set the medium-term and annual targets and monitoring indicators, develop detailed implementation plans, clarify the responsibility and accountability framework, strengthen leadership in schools and institutions, and make adjustment along the way.

Rationale for Bank's Involvement

The Bank's long-term engagement in the education sector since the start of the transition, its ability to help the government address policy and strategic issues, and its global and regional experience and knowledge in supporting educational reform place the Bank in a critical position to support the government in the education sector. The first education project, the School Rehabilitation and Capacity Building Project (1994-2000), aimed to support the government in providing basic education services during the difficult initial transition period, and focused on the school rehabilitation and capacity building of key sector institutes. The objective of the subsequent Education Reform Project (2000-2004) was to assist the MoES in planning and managing the delivery of educational services and strengthening its accountability to stakeholders for the delivery. The outcomes, as well as Borrower's and Bank's performances of both projects, were rated satisfactory. The focus of the Bank's support has been shifting from

³ Policy Paper on Decentralization of the Education System in Albania. 2004. MoES.

⁴ National Education Strategy 2004-2015. MoES.

pure inputs such as school rehabilitation to system reform (decentralization) and improving learning outcomes. It is vital that the Bank builds on the past experience and continues its support in Albania's educational reform.

The proposed program addresses, directly and indirectly, priority areas of the Country Assistance Strategy, including (i) accelerating accumulation of human capital, (ii) improving public sector delivery, and (iii) improving governance structures to maintain progress to date. The Bank is one of the few and the largest development partners supporting general education in Albania. The government's ambitious reform agenda spanning from primary to higher education requires coordinated and increased support in the sector. The Bank is in a key position to help government to mobilize and coordinate resources under the government's own strategy and program.

2. Proposed objective(s)

The objective of the Education Excellence and Equity Program is to support the implementation of the first phase of Albania's National Education Strategy 2004-2015. The support will focus on improving the quality of learning outcomes in basic education, expansion of coverage in general secondary education, and the first stage of the reform of tertiary education.

3. Preliminary description

The proposed program would support the implementation of the National Education Strategy, and the development and the initial implementation of the tertiary education strategy which is complementary to pre-university education strategy.

1. Governance: strengthening management capacity and decentralization. The first priority area aims to improve the leadership and managerial capacity of the education sector. This includes activities associated with the decentralization of the education service delivery, especially strengthening the leadership, decision making and resource management at the school level, the reform of the Ministry of Education and Science to move towards performance based management system, and full development and utilization of the educational management information system (EMIS) for decision making. This is expected to form an institutional foundation to address other priority areas.

2. Improving the quality of learning outcomes. The second priority area focuses on the quality of teaching-learning inputs, processes and outcomes in a holistic manner. It will address the issues of curriculum reform, including the development of national curriculum framework, rationalization of subjects, content articulation, vertical and horizontal integration and textbook development. To enable and implement curriculum reform, teacher training and development has to be closely aligned; the content and processes of teacher training will also be reformed. The reform in the student assessment will continue through strengthening the capacity of the National Center for Evaluation and Assessment, development of national plan for evaluation in education, and improving the transparency and integrity of national examination system.

3. Investing in and rationalizing modern educational infrastructure, especially in secondary education. The third priority area is to address more efficient (re)allocation and investment in physical infrastructure and human resources and to upgrade the learning environment especially at secondary level. This priority area will support the MoES in making investment decision based on school mapping which takes into consideration of the declining fertility rate and migration factors. Science laboratories and IT facilities, which are essential for increasing the competitiveness of school graduates, will be provided to general secondary schools in line with the new curriculum and teacher training to be supported in priority area 2.

4. Setting the stage for tertiary education reform. The fourth priority area is to set the stage for the reform of the tertiary education system. Albania signed the Bologna Declaration in 2003. This priority area will first support the MoES and universities to carry out a thorough review of the system to identify and sequence reform activities, which include, the development of a degree and credit system comparable in other European countries, increasing financial autonomy and accountability of universities, strengthening the quality assurance mechanism, and promoting university partnership arrangements. It also aims to expand the opportunities for students by mobilizing private financing and provision and making the use of public resources more efficient.

4. Safeguard policies that might apply

None.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
INTERNATIONAL DEVELOPMENT ASSOCIATION	15
Total	15

6. Contact point

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