

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC6380

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Azerbaijan	Project ID:	P148539
Project Name:	Tertiary Education Project (P148539)		
Task Team Leader:	Sachiko Kataoka		
Estimated Appraisal Date:	21-Oct-2014	Estimated Board Date:	19-Feb-2015
Managing Unit:	GEDDR	Lending Instrument:	Investment Project Financing
Sector(s):	Tertiary education (100%)		
Theme(s):	Education for the knowledge economy (100%)		
Financing (In USD Million)			
Total Project Cost:	43.00	Total Bank Financing:	33.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			10.00
International Bank for Reconstruction and Development			33.00
Total			43.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The overarching objective of the project is to strengthen the capacity of the higher education system and its education institutions to provide high quality and relevant education to its graduates. Specifically, the proposed Development Objective is:

The Project aims to support creating and strengthening mechanisms that (i) strengthen the capacity of MOE, (ii) enhance a quality culture, (iii) strengthen the capacity of HEIs and higher education-labor

market linkages, and (iv) increase access to higher education and graduation with equity; and piloting improvement of tertiary education institutions in a selected region.

C. Project Description

For Azerbaijan to keep growing, the economy needs a more highly-skilled, highly-educated workforce. Azerbaijan's economy has been rapidly growing since the mid-2000s, reaching USD 7,500 GDP per capita in 2013. International experience shows that as a country's economy grows over time, different types of jobs are demanded. For instance, the Korean economy was primarily based on agriculture and fishery in the 1960s-1970s, and the majority of the employed were unskilled and skilled craftsmen. As the economy gradually became industrialized in the 1980s to mid-1990s, more technicians and engineers were needed. Since the mid-1990s, white-collar jobs requiring higher-levels of skills and knowledge have been increasingly demanded in the economy. As the labor market demand changes, countries also change their investment-focus in education. Prior to 1975, the Korean government focused on investing in primary education. As the economy became industrialized in the late 1970s-80s, they gradually expanded investment to secondary education. Since the late 1990s, the government has invested more in improving the quality of higher education. Another example is Vietnam. Vietnam's strong primary education system has contributed to building literacy and numeracy among its workforce. As their economy is shifting from agriculture-based economy to more modern economy, Vietnam is investing more in higher levels of education to develop higher cognitive and technical skills.

Key catalysts for the transformation of quality in the education system are higher education institutions. Given the importance of higher education for the economic growth, the proposed Project aims to contribute to meeting this urgent demand in the economy by creating a tertiary education system that is closely linked with the labor market demand. The Project also aims to support the strengthening regional tertiary education institutions to increase access to good quality tertiary education for disadvantaged students in rural areas that is closely linked with the local labor market demand. Such a focus is expected to contribute to sharing the prosperity of Azerbaijan's rapid economic growth nationwide.

The Project consists of four components: (i) strengthening the higher education system; (ii) building the capacity of higher education institutions; (iii) strengthening quality and access to tertiary education in a selected region; and (iv) project management and monitoring and evaluation.

Component 1: Strengthening the Higher Education System (IBRD: USD 6.6 million)

This component supports the system-level capacity building for the Ministry of Education and other relevant agencies dealing with higher education in improving the governance and regulatory framework, strengthening the quality assurance mechanisms, and strengthening the use of higher education financing as a policy instrument.

Sub-component 1.1: Improving Higher Education System Governance (IBRD: USD 1.3 million)

Vision: The capacity of the Ministry of Education and other relevant agencies dealing with higher education is strengthened, in which autonomy and accountability are well-balanced and in alignment with the Bologna Declaration and international practices.

This sub-component will support strengthening the capacities of the MOE and other agencies dealing with higher education in improving the higher education governance framework to create an enabling environment for higher education institutions (HEIs). Activities include:

- Strengthening the capacity of MOE and other agencies dealing with higher education in setting up the areas and levels of autonomy and the rules for accountability requirements;
- Strengthening the MOE's capacity in monitoring and evaluation of HEIs' performance, including data collection, analysis, reporting and dissemination;
 - Developing an Education Management Information System (EMIS) for higher education;
- Developing policies and regulations to increase access, including admission policies, distance education;
- Participating in U-Multirank (a multi-dimensional, user-driven approach to international ranking of higher education institutions); and
- Conducting studies as needed by the MOE or other relevant agencies.

Sub-component 1.2: Enhancing the External Quality Assurance Mechanisms (IBRD: USD 3.9 million)

Vision: The higher education degrees and diplomas issued by Azerbaijani institutions are locally and internationally recognized and credible, and offer valid representation of skills and competence.

This sub-component supports the establishment of a national quality assurance (QA) body that will exercise the independent decision-making authority for quality assurance for higher education.

It is assumed that the MOE establishes a Quality Assurance unit under the MOE by the end of 2014 and the EU-funded twinning program will commence in early 2015 and start supporting the development of contents of QA (e.g. Azerbaijan's National Qualifications Framework (AzQF) for initial and secondary vocational education and training and higher education, QA standards) during 2015. This sub-component is designed to build on these initial activities, focusing on the development and implementation of detailed procedures and the provision of training. Activities to be supported include:

- Building the capacity of the newly established QA unit in the MOE;
- Developing mechanisms and procedures for external and internal quality assurance, including guidelines for institutional and program accreditation;
- Supporting the QA unit in piloting the accreditation of HEIs for both institutional and program accreditation; and
- Supporting the QA unit in being transformed into an independent agency outside the MOE and obtaining a candidate status for the European Association for Quality Assurance in Higher Education (ENQA) membership.

Sub-component 1.3: Reforming Higher Education Financing (IBRD: USD 1.4 million)

Vision: The higher education system is financed at an adequate level through an appropriate mix of public and private funds, in which public funding is utilized, to the extent possible, as a policy instrument to support the Ministry's strategic and policy objectives, including such things as enhancing equity, improving quality, and enhancing efficiency.

The government introduced a per student financing system in 2010 to enhance the quality of higher education. This sub-component supports the MOE in developing and implementing a comprehensive short-term and medium-term higher education financing reform strategy. A reformed financing

model will be 1) aligned with the strategic and policy objectives of the MOE, 2) consistent with good international practice, and 3) informed by stakeholders in Azerbaijan's higher education system. The reform strategy would address the following four elements:

- Instruments of public funding for higher education institutions (allocation of state budget, research funding, cost-sharing, etc.);
- Diversification of financial sources for higher education institutions (tuition fees, market revenues, external research income, transfer activities, etc.) and the rules and regulations related to all these sources;
- Financial autonomy and accountability of higher education institutions (lump sum vs. line-item allocations, freedom to spend money flexibly and build financial reserves, financial regulations, discretion to set salaries, etc.); and
- Student funding and support (the individual financial situation of the student, loans, scholarships, etc.).

Component 2: Building the Capacity of HEIs (IBRD: USD 16.5 million)

This component supports the capacity building activities at institutional level.

Sub-component 2.1: Supporting HEIs in Strengthening Internal Quality Management Mechanisms (IBRD: USD 1.5 million)

Vision: Higher education institutions establish institutional leadership and management structures and internal quality assurance mechanisms that assure the quality and credibility of their degrees internationally and domestically.

This sub-component supports the MOE in procuring training programs for HEIs in institutional leadership and management capacity and internal quality management (IQM) mechanisms. Activities to be supported include training for HEIs in:

- Leadership, managerial and strategic planning to develop a comprehensive strategic plan;
- Internal quality management mechanisms;
- Institutional research, planning and assessment capacities to make necessary improvements;
- Academic and management processes (e.g. designing new short-cycle or other higher education programs, professional development for staff, etc.);
- Financial management (incl. budgeting, reporting, fee policies, etc.);
- Human resource management (incl. recruitment, wage policies, professional development, etc.);
- Information system (incl. using management software); and
- Public relations and communications.

Sub-component 2.2: Supporting Development Initiatives to Improve Quality and Relevance (IBRD: USD 15.0 million)

Vision: The government provides funding for higher education institutions to improve the quality and relevance of their programs.

This sub-component supports the MOE and Ministry of Finance in developing and implementing transparent and efficient funding mechanisms to finance HEIs' development initiatives to improve the quality and relevance of study programs. Initiatives to be funded include:

- Curriculum improvement for national priority programs through partnering with employers, foreign institutions, including short-cycle programs;
- Professional development of teaching staff; and
- Improvement of learning resources, electronic library resources and student support centers.

Component 3: Strengthening quality and access to tertiary education in a selected region (IBRD: USD 7.3 million; Government: USD 10.0 million)

Vision: A group of regional tertiary education institutions offer increased and diversified tertiary education for rural students to better meet the local labor market demand.

This sub-component supports the MOE's efforts to increase and diversify access to tertiary education (university and college) in one selected region, based on agreed objective criteria. This activity also serves as a pilot sub-project to apply and implement new policies and regulations developed at the system level. Activities to be supported include:

- Assessing labor market demands for tertiary education in the selected region;
- Designing a master plan for regional tertiary education institutions that offers education and training programs to develop a diversified set of skills catered to the local labor market, covering infrastructure and equipment, human resources, content development, and financing needs;
- Improving and/or extending campus infrastructure (to be financed by the government);
- Procuring equipment and facilities for improved campus and classrooms;
- Developing university and college programs and curriculum contents – to be aligned with qualifications standards wherever applicable – which are inter-linked to each other;
- Applying for institutional and program accreditations according to the newly developed accreditation standards and guidelines, as they become available; and
- Evaluating the outcomes the regional tertiary education network and developing an umbrella policy on the development of a regional tertiary education network linked to the local labor market demand that would offer diversified and increased pathways to tertiary education and life-long learning.

Component 4: Project Management and Monitoring and Evaluation (USD 2.1 million)

The MOE, supported by the Project Coordination Unit (PCU), will ensure efficient and effective implementation of the project to achieve project objectives, including monitoring and evaluation of the impact of the investment.

Component 3 may include physical investments in the selected region to be financed by the government, including campus rehabilitation or extension and newly developing campus infrastructure. No land acquisition or physical displacement of residents caused by this activity is expected. Institutions for which the proposed Project will provide capacity building support will verify that there is no dispute prior to the project implementation.

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

The proposed Project will cover reforms of existing higher education institutions nationwide. No land acquisition or physical displacement of residents is expected.

The government has planned to improve regional tertiary education institutions. The proposed

Project intends to complement to the government's planned investment in infrastructure by providing soft components such as technical assistance to develop curriculum and programs. The location of the region and the scope of infrastructure investment plan (rehabilitation, extension of existing building, etc.) are not decided, but investments will be limited to existing sites. Thus the project will only finance physical investments that do not involve land acquisition or resettlement, and accordingly OP 4.12 would not be triggered.

E. Borrowers Institutional Capacity for Safeguard Policies

The Ministry of Education is supported by the Project Coordination Unit (PCU) that coordinates the implementation and monitoring of on-going Bank-funded projects. The PCU is experienced and has proved capacity to comply with Bank's safeguard requirements by hiring consultants, as needed.

F. Environmental and Social Safeguards Specialists on the Team

Gulana Enar Hajiyeva (GENDR)

Aly Zulficar Rahim (GURDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	TBD	There is a possibility that the government's physical investment to rehabilitate and/or extend existing infrastructure of tertiary education institutions. The location and scope of the investment is unknown at this stage. The impacts will be site specific, temporary and not irreversible, and that those are typical impacts associated with building rehabilitations and small constructions or supporting infrastructure for these buildings.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/ BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	The project will only finance physical investments at existing sites requiring rehabilitation or expansion on existing government land plots. The project will not finance works at any sites that would cause involuntary resettlement. The Bank team will visit the sites, once selected to ensure compliance.
Safety of Dams OP/BP 4.37	No	

Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 20-Oct-2014

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The proposed Project will support the development of tertiary education institutions in a selected region which may require rehabilitation and/or extension of existing infrastructure, but will not support any physical works that would require land acquisition or cause involuntary resettlement. Sites visits and screening will ensure the exclusion of any sites with social safeguards risks.

It has been agreed that potential regional institutions will be selected during project preparation period. Hence, as soon as the potential regional institutions are selected and the scope of potential rehabilitation works is identified, the team will request the government to prepare, disclose and consult site specific EMP checklists prior to the appraisal.

IV. APPROVALS

Task Team Leader:	Name: Sachiko Kataoka	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Natasa Vetma (RSA)	Date: 30-May-2014
Sector Manager:	Name: Andrea C. Guedes (SM)	Date: 09-Jul-2014

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.