



Report No: PAD00200

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED CREDIT

IN THE AMOUNT OF EUR18.6 MILLION (US\$20 MILLION EQUIVALENT)
FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION

AND

SUPPORTED BY A PROPOSED GRANT

IN THE AMOUNT OF US\$2 MILLION
FROM THE EARLY LEARNING PARTNERSHIP MULTI DONOR TRUST FUND

TO THE

REPUBLIC OF KOSOVO

FOR AN

EARLY CHILDHOOD EDUCATION AND CARE FOR KOSOVO'S HUMAN CAPITAL PROJECT (P179656)

APRIL 23, 2024

Education Global Practice
Europe and Central Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2024)

Currency Unit = Euro (EUR)

US\$1= EUR 0.9272

EUR 1= US\$1.08

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ABL	Annual Budget Law	IRR	Internal Rate of Return
ASHI	Information Society Agency	IT	Information Technology
CPD	Continuous Professional Development	KESIP	Kosovo Education System Improvement Project
CPF	Country Partnership Framework	KFMIS	Kosovo Financial Management Information System
DA	Designated Account	LMP	Labor Management Plan
DFIL	Disbursement and Financial Information Letter	MESTI	The Ministry of Education, Science, Technology, and Innovation of the Republic of Kosovo
DPO	Development Policy Operation	MFMC	Main Family Medicine Centre
ECA	Europe and Central Asia	MICS	Multiple Indicator Cluster Survey
ECE	Early Childhood Education	MOFLT	Ministry of Finance, Labor and Transfers
ECEC	Early Childhood Education and Care	MOH	Ministry of Health
ECI	Early Childhood Intervention	M&E	Monitoring and Evaluation
ELP	Early Learning Partnership	NPV	Net Present Value
EMIS	Educational Management Information Systems	OECD	The Organisation for Economic Co-operation and Development
ESCP	Environmental and Social Commitment Plan	PBC	Performance-Based Condition
ESF	Environmental and Social Framework	PDO	Project Development Objective
ESMF	Environmental and Social Management Framework	PFM	Public Financial Management
ESS	Environmental and Social Standards	PFS	Project Financial Statement
EU	European Union	PIU	Project Implementation Unit
EU-IPA	EU Instrument for Pre-accession Assistance	POM	Project Operations Manual
E&S	Environmental and Social	PPSD	Project Procurement Strategy for Development
FM	Financial Management	RPF	Resettlement Policy Framework
FMS	Financial Management Specialist	SAS	Social Assistance Scheme
GBV	Gender-based violence	SEP	Stakeholder Engagement Plan
GDP	Gross Domestic Product	SOE	Statement of Expenditures
HCI	Human Capital Index	SOP	Standard Operating Procedure
HLO	High-Level Outcome	SH/SEA	Sexual Harassment/ Sexual Exploitation and Abuse
IDA	International Development Association	TIMSS	Trends in International Mathematics and Science Study
IE	Impact Evaluation	TLM	Teaching and Learning Materials
IFR	Interim unaudited Financial Report	UNICEF	United Nations Children's Fund
ILO	International Labor Organization	WASH	Water, sanitation, and hygiene
IPF	Investment Project Financing	WB	World Bank



TABLE OF CONTENTS

DATASHEET	v
I. STRATEGIC CONTEXT	1
A. Country Context	1
B. Sectoral and Institutional Context	1
C. Relevance to Higher Level Objectives	5
II. PROJECT DESCRIPTION	6
A. Project Development Objective	6
B. Project Components	7
C. Project Beneficiaries	15
D. Results Chain	16
E. Rationale for Bank Involvement and Role of Partners	17
F. Lessons Learned and Reflected in the Project Design	17
III. IMPLEMENTATION ARRANGEMENTS	18
A. Institutional and Implementation Arrangements	18
B. Results Monitoring and Evaluation Arrangements	19
C. Sustainability	19
IV. PROJECT APPRAISAL SUMMARY	19
A. Technical, Economic and Financial Analysis	19
B. Fiduciary	21
C. Legal Operational Policies	23
D. Environmental and Social	23
V. GRIEVANCE REDRESS SERVICES	24
VI. KEY RISKS	24
VII. RESULTS FRAMEWORK AND MONITORING	26
ANNEX 1: Implementation Arrangements and Support Plan	36
ANNEX 2: Collaboration between the World Bank and EU-IPA interventions	42
ANNEX 3: Economic and Financial Analysis	44
ANNEX 4: Climate Co-Benefits	48



DATASHEET

BASIC INFORMATION

Project Beneficiary(ies) Kosovo	Operation Name Early Childhood Education and Care for Kosovo's Human Capital Project		
Operation ID P179656	Financing Instrument Investment Project Financing (IPF)	Environmental and Social Risk Classification Moderate	

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	<input checked="" type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

Expected Approval Date 14-May-2024	Expected Closing Date 30-Jun-2029
Bank/IFC Collaboration No	

Proposed Development Objective(s)

The project's development objective is to improve the quality and equitable access to early childhood education and care services in Kosovo.

Components



Component Name	Cost (US\$)
Improving the Quality of ECEC Services	1,980,000.00
Fostering Multi-sectoral Integration in ECEC Service Delivery	3,494,000.00
Increasing Equitable Access to ECEC Services	15,500,000.00
Project Management and Monitoring and Evaluation	1,026,000.00

Organizations

Borrower: Republic of Kosovo
 Implementing Agency: Ministry of Education, Science, Technology, and Innovations

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	22.00
Total Financing	22.00
of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	20.00
IDA Credit	20.00

Non-World Bank Group Financing

Trust Funds	2.00
Early Learning Partnership	2.00



IDA Resources (US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
National Performance-Based Allocations (PBA)	20.00	0.00	0.00	0.00	20.00
Total	20.00	0.00	0.00	0.00	20.00

Expected Disbursements (US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029
Annual	0.00	2.50	3.81	5.50	5.50	4.69
Cumulative	0.00	2.50	6.31	11.81	17.31	22.00

PRACTICE AREA(S)

Practice Area (Lead)

Education

Contributing Practice Areas

Health, Nutrition & Population

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category

Rating

1. Political and Governance

● Moderate

2. Macroeconomic

● Moderate

3. Sector Strategies and Policies

● Moderate



4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Overall	● Substantial

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

ENVIRONMENTAL AND SOCIAL

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4: Community Health and Safety	Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8: Cultural Heritage	Relevant
ESS 9: Financial Intermediaries	Not Currently Relevant



NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

LEGAL

Legal Covenants

Sections and Description

Schedule 2. Section I.C.1.(a) of the Financing Agreement and Schedule 2. Section I.B.1.(a) of the Grant Agreement. The Recipient, through MESTI, shall not later than two (2) months after Effective Date, develop and adopt the Project Operations Manual (“POM”), in form and substance satisfactory of the Association.

Schedule 2. Section I.A.3. of the Financing and Grant Agreements. No later than two (2) months after Effective Date, the Borrower, through MESTI, shall establish, and thereafter operate and maintain, throughout Project implementation, a steering committee (the “Steering Committee”) with functions, resources, and composition acceptable to the Bank, as further detailed in the Project Operations Manual, which shall be responsible for Project oversight, strategic guidance, coordination and monitoring.

Schedule 2. Section I.B. of the Financing Agreement. To facilitate the implementation of Part 1 and 2 of the Project, as needed, the Recipient, through MESTI, shall enter into, and thereafter maintain, throughout implementation of the Project, an agreement with UNICEF under a Standard Form of Agreement, under terms and conditions satisfactory to the Association.

Schedule 2. Section I.C. of the Grant Agreement. The Recipient, through MESTI, shall hire a credible verification agent, with qualifications and under terms of reference acceptable to the Bank, to assist in the verification of achievement of the PBC, as set forth in Section III.B.1 (b) of this Schedule 2.

ESCP. ESS1.2. Finalize and adopt ESMF within 30 days after the Effective Date.

ESCP. ESS2.1. Finalize and adopt LMP within 30 days after the Effective Date.

ESCP. ESS5.1. Finalize and adopt RPF within 30 days after the Effective Date.

ESCP. ESS10.1. Finalize and adopt SEP within 30 days after the Effective Date.

ESCP. ESS10.2. The Project Grievance Mechanism shall be fully operational, including the ability to receive SH/SEA related complains, not later than 60 days after the Project Effective date and functional throughout Project implementation.

Conditions

Type	Citation	Description	Financing Source
Effectiveness	4.01	The Recipient, through MESTI, has established the Project Implementation Unit (PIU), in form and substance satisfactory to the Bank.	IBRD/IDA



Effectiveness	4.01	This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank, confirming that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized by all necessary governmental action.	Trust Funds
Disbursement	Section III.B.1.(b)	(i) evidence satisfactory to the Bank, in accordance with the Verification Protocols set forth in the Project Operations Manual, that the PBC set forth in Schedule 3 to this Agreement for which payment is requested have been met and verified in accordance with the Verification Protocol and the Project Operations Manual; and (ii) evidence, in form and content acceptable to the Bank confirming that the in an amount equal to at least the amount to be withdrawn in respect of each PBC, has been incurred, and that said expenditures have not been presented before to the Bank as satisfactory evidence for withdrawals under this Agreement.	Trust Funds



I. STRATEGIC CONTEXT

A. Country Context

1. **As one of the youngest countries in Europe, Kosovo made steady economic progress from 2010 to 2019, but the COVID-19 pandemic interrupted this upward trend.** From 2010 to 2019, Kosovo's economy grew by an average of 4.6 percent a year. This growth translated into an almost 50 percent increase in per capita income and a 35 percent reduction in the poverty rate. Following the onset of the pandemic, Gross Domestic Product (GDP) contracted in real terms by 5.3 percent in 2020, Kosovo's first recession since independence in 2008. This GDP contraction was driven by the collapse in diaspora-related exports of travel services and investment despite a sizeable fiscal response package, a surge in remittance inflows, and higher base metal prices. There are signs of recovery, though risks remain. Following an increase in the poverty rate from 28.9 percent in 2019 to 32.4 percent in 2020, the poverty is estimated to have reduced to 23.3 percent in 2023. Exports increased at record rates since 2020, fueled by the global pickup in demand and nearshoring.

2. **As part of a reform set out by the Government in 2021, Kosovo is implementing an ambitious state-building agenda driven partly by its aspiration to be part of the European Union (EU).** In recent years, the Government has prioritized building strong human capital to address its economic challenges. This is an important investment area given that, according to the Human Capital Index (HCI), a child born in Kosovo today will be only 57 percent as productive when she grows up as she could be if she enjoyed complete education and full health.¹ Kosovo is ranked 80 out of 157 countries included in the HCI. It has the youngest population in Europe, with 55 percent of the population under the age of 30 and over one-third under the age of 18,² making youth one of the country's greatest assets. Kosovo has one of the highest emigration rates in the region with 22 percent of its population living in Organization for Economic Co-operation and Development (OECD) countries.³

3. **Kosovo's pressing environmental and climate change challenges pose significant risks to the sustainability and inclusiveness of growth.** The main impacts of climate change in Kosovo include an overall average increase in temperature, a decline in summer rain with more frequent droughts and forest fires⁴ projected, an increase in winter rain resulting in more frequent spring flooding, and an increase in extreme weather events. Reflecting its commitment to addressing climate challenges, the Government has plans to draft the Law on Climate Change and prepare an inventory of greenhouse gas emissions, taking economic recovery as an opportunity to focus on a greener and more environmentally friendly economy.⁵ Ensuring disaster recovery solutions and maximizing digital development and delivery of e-governance services will be critical. High levels of air pollution in Pristina city, which will be exacerbated by increasing temperatures, may also be detrimental to child development, as many studies confirm the negative impact of air pollution on child outcomes.

B. Sectoral and Institutional Context

4. **Kosovo's low learning and health outcomes, especially of ethnic minorities and vulnerable communities, are rooted partially in the early years.** At the primary level, students are not doing well in reading,⁶ and are among the ten poorest performers in mathematics and science globally.⁷ Earlier in life, while overall scores on the Early Childhood

¹ World Bank, HCI, 2020. [Link](#).

² Kosovo's youth: Overcoming challenges and creating opportunities, ÖGfE Policy Brief 09 2023. [Link](#).

³ OECD, 2022.

⁴ Climate Change Risk Profile Fact Sheet, United States Agency for International Development.

⁵ The Republic of Kosovo. *Program of the Government of the Republic of Kosovo, 2021-2025*. May 2021.

⁶ Mullis, I.V.S., von Davier, M., Foy, P., Fishbein, B., Reynolds, K.A., & Wry, E. (2023). PIRLS 2021 International Results in Reading. Boston College. [Link](#).

⁷ Trends in International Mathematics and Science Study (TIMSS) 2019



Development Index have improved between 2014 and 2020,⁸ early literacy and numeracy remains alarmingly low at 23.3 percent for the general population and 7.4 percent for ethnic minority communities.⁹ The infant mortality rate is at 12 per 1,000 deliveries, which is far behind the EU average.¹⁰ Child mortality (children who die before reaching their 5th birthday) is at 16 in 1,000 live births, four times higher than the EU average. The rate increases to 27 in 1,000 live births among Roma, Ashkali and Egyptian communities.¹¹ Only 29 percent of children under six months of age were exclusively breastfed, which marks a decrease from 40 percent in 2014.¹² Moderate and severe stunting of children under 5 is low in the general population. However, it poses a serious risk to vulnerable communities. Stunting is concentrated in the poorest quintiles in both ethnic majority and minority groups. Inequality in nutrition is pronounced for poor children. The overall prevalence of overweight in children under five years in Kosovo is 6 percent, and around a third of children 0-7 are at high risk of being overweight.¹³

5. Definition of Early Childhood Education and Care (ECEC) and other definitions used in the proposed project.

Throughout the proposed Project, *ECEC* refers to any publicly regulated service that provides education, childcare, health and nutrition for children from birth to the start of primary education. It comprises physical, cognitive, social, and emotional development services, such as: (i) early stimulation and care for ages 0-3, (ii) breastfeeding and nutrition for ages 0-6, (iii) education services for ages 3-6, and (iv) early detection and interventions for ages 0-6. *Childcare* is a service within ECEC with the primary objective of caring for children ages 0-6 to allow parents to work, ensuring children are safe and have opportunities to learn and develop positive relationships with caregivers and peers. Childcare services are provided by public, private, public-private, and community-based ECEC service providers. *Early Childhood Education (ECE)* is a service that provides early stimulation and education for children from birth until they start primary school. *Early Childhood Intervention (ECI)* is a program designed to support children from birth to 3 years old and up to 6 years of age who are at risk of or have developmental challenges or delays.

6. **ECEC service provision faces numerous challenges.** Many children, especially those from vulnerable communities, lack foundational ECEC support early in life which can trigger a life-long struggle to catch up or embark on a productive career. Early interventions may overcome developmental disparities and increase labor productivity and wages later in life.¹⁴ The main challenges for ECEC service delivery in Kosovo are: (i) low quality of services, (ii) limited and non-equitable access to services, especially for vulnerable children and families, and (iii) lack of multisectoral coordination in the provision of integrated services.

i. Quality of ECEC services

The country has a relatively well-established legal framework supporting ECEC, however many elements needed for supporting quality of service delivery are not yet defined, nor implemented. The Government's Education Strategy 2022-2026 lists ECEC as the first pillar focusing on access, new curriculum, quality, and cross-sectoral support in ECEC.¹⁵ The Law on ECE¹⁶ aims at stimulating the healthy growth and achievement of children's potential, as well as mandates pre-primary education beginning at age 5.¹⁷ The law provides a framework of ECEC system operation, establishes diverse forms of

⁸ Kosovo Agency of Statistics and UNICEF. 2020. 2019–2020 Kosovo Multiple Indicator Cluster Survey and 2019–2020 Roma, Ashkali and Egyptian Communities Multiple Indicator Cluster Survey, Survey Findings Report. Prishtina, Kosovo: Kosovo Agency of Statistics and UNICEF. [Link](#).

⁹ Ibid.

¹⁰ Strategic Plan for Maternal, Child and Reproductive Health 2023-2030. Ministry of Health.

¹¹ MICS, 2019-2020.

¹² Ibid.

¹³ STEPS Survey 2019.

¹⁴ Later Impacts of Early Childhood Interventions: A Systematic Review, IEG Working Paper 2015/3, World Bank Group.

Quality Early Learning Nurturing Children's Potential, 2022, World Bank Group.

¹⁵ 2022 Kosovo Programme Annual Report, UNICEF Kosovo Programme. [Link](#).

¹⁶ The Law on ECE was approved by the Assembly in September 2023.

¹⁷ MICS, 2019-2020



provision of services and defines areas of responsibility for major actors in ECEC. At the same time the ECE law defers the critical elements of quality to sub-legal acts yet to be defined and operationalized. Hence, the country still has the following gaps in ECEC service provision to be addressed: (i) transition of ECEC centers to a new ECE curriculum framework; (ii) update of teacher professional standards and continuous professional development approaches, and teacher training; (iii) establishing evaluation and assessment of quality of services provided by ECEC centres and related measurement instruments across ECEC services;¹⁸ and (iv) update of regulatory framework on learning environment of ECEC centers to link curricula and pedagogy with spaces. Similarly, utilization of primary healthcare services has not fully taken root by the general population, primarily due to poorly regulated health and nutrition services¹⁹. The quality of services is challenged in part by a lack of adherence to clear guidelines/screening programs, such as on early childhood interventions and referral mechanisms for early detection. The breastfeeding promotion programs don't lead to increased outcomes.²⁰ A new guideline on healthy nutrition was adopted in July 2022 to guide both ECEC centers and parents on optimal child nutrition; however only 2 out of 38 municipalities have adopted the nutrition guideline.²¹ The new guidelines provide guidance on calorie intake recommended for each group-age, menu combinations with ingredients and materials needed, and check-list of space regulation to promote healthy nutrition. Main challenges for municipalities are related to lack of supplies, equipment, and planning capacities to adopt the new guideline. There is also limited access to information and programs for parents around early stimulation in the first 1,000 days of life.

7. A lack of ECEC professionals and limited training opportunities for current ECEC and Main Family Medicine Centers (MFMCs) staff are a major barrier. There is no specific training for teacher/nurse educators of 0-3-year-olds (referred to as the first 1,000 days of life), and this level of education remains the most underdeveloped segment in ECEC.²² A national teacher qualifications framework exists; however, it requires updating and alignment between service providers. Similarly, the pre-service and in-service programs for educators and MFMC staff require updating to the most recent and ongoing reforms of the country, including implementation of the new ECE curriculum, ECE law (and subsequent sub-legal acts), healthcare guidelines, and concept of the first 1,000 days of life. The ECE sector lacks sufficient numbers of teachers and support educators and assistants. The design and implementation of a retraining program for teacher/nurse educators for ages 0-3 is necessary to develop their professional capacities. There is a shortage of didactic materials to organize activities that enable early stimulation and learning through play.²³

8. Learning environments in ECEC facilities require improvement. Currently, ECEC facilities lack space to develop more play-based learning. Global evidence shows that learning environments may play a role as a "third teacher",²⁴ helping children develop their gross and fine motor skills, agency, and executive function.²⁵ Climate-smart and effective architectural designs²⁶ also help support the learning and developmental outcomes of children.^{27,28} Most public kindergartens still feature a traditional corridor design, underutilize circulation spaces, and rarely feature central space

¹⁸ MESTI, 2022.

¹⁹ Kosovo Health Financing Policy Note 2019.

²⁰ Demas, Angela, Mrike Aliu, Sarah Coll-Black, Aglaia Zafeirakou, Aline Hankey, and Boryana Gotcheva. 2021. A Situational Analysis of Early Childhood Development Services in Kosovo. The World Bank, Washington, DC.

²¹ MESTI. Guideline for Planning Nutrition in Pre-school institutions in Kosovo. July 2022.

²² Preschool Education in Kosovo, EU, Kosovo Education and Employment Network – KEEN, 2018.

²³ MESTI, 2022.

²⁴ The definition of the third teacher also comes from the ECEC sector, as introduced by Loris Malaguzzi in Reggio Emilia, Italy. (Gandini, L. (1998). Educational and caring spaces.)

²⁵ Janet Bagby, Lucy Barnard-Brak, Tracey Sulak, Natalie Jones & Mary Walter (2012) The Effects of Environment on Children's Executive Function: A Study of Three Private Schools, *Journal of Research in Childhood Education*, 26:4, 418-426, DOI: 10.1080/02568543.2012.711431

²⁶ <http://hdl.handle.net/10986/32312>; <https://thedocs.worldbank.org/en/doc/674861555132593197-0080022019/related/613Tigran0Shmis0Dushanbe0Conference.pdf>

²⁷ Maxwell, L. E. (2007). Competency in Child Care Settings. *Environment and Behavior*, 39(2), 229–245. [Link](#).

²⁸ Barrett, P.; Treves, A.; Shmis, T.; Ambasz, D.; Ustinova, M. 2019. The Impact of School Infrastructure on Learning: A Synthesis of the Evidence. <http://hdl.handle.net/10986/30920>



concepts or multifunctional spaces for children. Zoning of the playgroups includes different centers of activity and may benefit from specially arranged areas for children to develop their physical, cognitive, and socio-emotional skills²⁹. These changes will be aligned with the new curriculum requirements to learning environments, materials, and their pedagogical use.

ii. Lack of equitable access to ECEC services

9. Kosovo has the lowest ECEC enrollment in the Western Balkans, with more barriers for children from low-income families. Only 19.5 percent of children aged 0-6 were enrolled in all ECEC services during 2021/2022. The majority of enrollment is concentrated in ages 5-6, while ages 0-2³⁰ show 3.2 percent and ages 3-5 show 11.7% enrollment.³¹ This is well below the OECD average (36 percent for children aged 0-2 and over 87 percent for children aged 3-5).³² While pre-primary education (ages 5-6) has experienced recent growth in Kosovo, ECEC services (ages 0-5) remain limited, leaving the majority of younger children without services, especially the most vulnerable. Priority enrollment to public ECEC centers is given to children whose parents are both employed, which disadvantages low-income and unemployed parents, who lack the support to integrate into the workforce. Meanwhile, the market-based provision of ECEC services is rising but are not always affordable for low-income families. The enrollment in ECEC for ages 0-5 in Kosovo is almost equally split between public and private providers, with a small share of alternative providers. The government has no programs that would support targeting of vulnerable children through private services and private providers. There is no systematic support for teachers from private ECEC centers.

10. Insufficient number and inadequate distribution of ECEC centers affect access to services. There is a small number of public ECEC centers (only 49 public centers nationwide), and only 24 out of 38 municipalities have at least one public ECEC center for children up to 5 years old. The most vulnerable groups are also the most disadvantaged, with just 1 in 10 children from Roma, Ashkali, and Egyptian communities attending an early education program. Children under 5 years old in rural areas are three times less likely than their peers in urban areas to have access to ECEC services due to lack of availability in rural areas.³³ Kosovo is expected to see a decline in the 0-4 year age group due to birth rate decline and out-migration of reproductive age-groups. A similar trend is foreseen for the 5-9 year age group. These trends create an opportunity to enroll more children ages 0-6 in quality ECEC services utilizing unused spaces in primary schools for ECEC provision. According to projections, over the period of 2022-2026, more than 10,000 places in primary schools will become available due to this expected decline in the school-age population.³⁴ Unlicensed private ECEC providers might play a more significant role in increasing access and quality of ECEC service provision if the Ministry of Education, Science, Technology, and Innovation (MESTI) could define a set of incentives for the providers to obtain licenses and follow the ECEC quality standards.

11. The current provision of ECEC services is not poverty targeted. Nearly 20 percent of large households in Kosovo live in poverty, but only 5 to 8 percent of them receive social assistance scheme (SAS) benefits. The ongoing reform to the SAS through the Kosovo Social Assistance System Reform Project (P171098) will improve targeting. Moreover, among families with children 0-6 years on current SAS, only 10 percent have access to ECEC services. The existing Centers for Social Work lack proper mechanisms for planning, monitoring, inspection, and service quality assurance and investment in human capacity development.³⁵ The absence of information channels and information delivery for families and at-risk

²⁹ The concept of privacy in ECEC refers to the ability of a child to regulate the number of interactions during a day, which is stimulating executive function.

³⁰ Enrolment for 0-2 includes ages from 0 to 1 and from 1 to 2.

³¹ Education Statistics in Kosovo 2020-2021 <https://masht.rks-gov.net/en/education-statistics-in-kosovo-2020-21/>

³² https://www.oecd.org/els/soc/PF3_2_Enrolment_childcare_preschool.pdf

³³ Demas, Angela, Mrike Aliu, Sarah Coll-Black, Aglaia Zafeirakou, Aline Hankey, and Boryana Gotcheva. 2021. A Situational Analysis of Early Childhood Development Services in Kosovo. The World Bank, Washington, DC.

³⁴ Kosovo Education Strategy 2022-2026

³⁵ Demas, Angela, Mrike Aliu, Sarah Coll-Black, Aglaia Zafeirakou, Aline Hankey, and Boryana Gotcheva. 2021. A Situational Analysis of Early Childhood Development Services in Kosovo. The World Bank, Washington, DC.



communities limits the already modest reach of families served by social services.

12. Exceptionally low employment for women paired with poor access to child and eldercare poses a fundamental obstacle to improving women's participation in the workforce. While the overall employment rate in 2021 was 43.9 percent for all registered 20–64-year-olds, the employment rate for women was just 18.5 percent (the lowest rate in the Western Balkans countries), while employment for men stood at 51.9 percent.³⁶ Even though several donor organizations³⁷ support women entrepreneurship with grants and technical assistance, family responsibilities, limited access to quality and affordable child- and eldercare, conservative social norms, high costs of maternity leave for employers, and women's limited access to assets and productive inputs remain important barriers to their labor force participation. Women playing a prominent caretaker role also increases their economic vulnerability and raises other gender-based inequalities. This is particularly relevant for working mothers without easy access to childcare.

iii. Lack of multisectoral co-ordination in ECEC

13. Despite efforts to coordinate the delivery of ECEC services across sectors, Kosovo still lacks a multi-sectoral strategy and a sustainable financing approach to better integrated services. The lack of a lead institutional anchor across the health, nutrition, education, and social protection sectors limits the achievement of shared goals and makes it difficult to leverage resources for ECEC advancement. Development of mechanisms and tools for integrated service between ECE centers and MFMCs is required for improved child development outcomes. Moreover, an integrated financial strategy would help better planning of ECEC budget allocation.

14. Kosovo also lacks a system for data collection, analysis, and evaluation of ECEC indicators to ultimately inform better decision-making and referencing between the ministries in charge of ECEC. The ECE level of education in Kosovo requires foundational inputs as the existing country's Educational Management Information System (EMIS) doesn't collect ECE specific information. Similarly, the Health Information System and Social Protection information system collect very limited quality data related to child development outcomes and are not inter-linked with each other. Advancement of digital instruments in the ECEC sector is required as there is no cross-sectoral management information system with interlinkages between health, education, and social protection.³⁸ Integration of data of these sectors would help better targeting of human development services.

15. There are multiple benefits to investing in improved access and quality of ECEC services, as proposed under this project. Providing access to quality ECEC services for all children improves child development outcomes, which impacts learning and health outcomes as children grow into productive members of society. Across the EU, the existence of ECEC services is considered a key indicator of women's labor force participation.³⁹ By expanding access to full day public and private childcare services, more jobs will be created in the childcare sector, and more women will have opportunities to seek paid employment (in childcare or elsewhere), further increasing workforce participation.

C. Relevance to Higher Level Objectives

³⁶ Eurostat. [Link](#).

³⁷ Such as European Bank for Reconstruction and Development, The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), The United Nations Entity for Gender Equality and the Empowerment of Women Program in Kosovo (UN Women Kosovo).

³⁸ Demas, Angela, Mrike Aliu, Sarah Coll-Black, Aglaia Zafeirakou, Aline Hankey, and Boryana Gotcheva. 2021. A Situational Analysis of Early Childhood Development Services in Kosovo. The World Bank, Washington, DC.

³⁹ OECD (2018), "How does access to early childhood education services affect the participation of women in the labour market?", *Education Indicators in Focus*, No. 59, OECD Publishing, Paris, <https://doi.org/10.1787/232211ca-en>.



16. **The proposed Project is fully integrated into the Kosovo - Country Partnership Framework for the Period FY23-FY27 (CPF).**⁴⁰ The Project will contribute to the CPF's High-Level Outcome (HLO) 1, and specifically to Objective 1.3: Increase access to public services by minority and marginalized groups. It will also contribute to HLO 2 with a focus on linked Objective 2.3: Remove barriers to economic empowerment of women and youth. Two indicators of the CPF will be informed by the Project - Indicator 1.3.2: Children ages 3 to 4 attending ECE programs, including children from families representing marginalized groups, and Indicator 2.3.2: Number of women employed in ECEC services (private or public). The Project will also work in synergy with the Development Policy Operation (DPO) series prepared by the Bank with the Government. The DPO's Pillar A on Enhancing the Effectiveness of Fiscal Policy features a prior action on approval and adoption of the new national ECE Law. The indicative trigger for the prior action is the implementation of the sub-legal act to the named law.

17. **The proposed project is in line with Kosovo's strategic documents relevant to ECEC.** The objectives of the Strategy on the Rights of the Child 2019 – 2023 include the following related priorities: improving good governance for realization of the rights of child; inclusion of children in integrated services for early childhood development and education; and improving health, protection and well-being of children for reaching their full potential. The National Development Strategy – 2030 prioritizes equitable human development, increasing access to ECEC, especially children from families who need it most; investing in health services, and giving special attention to women and young people in order to equip them with skills and knowledge that enable them to find decent employment. The Education Strategy 2022-2026 prioritizes ECEC provision. Some of its goals include expanding ECEC institutions, developing a new ECEC curriculum, improving quality of service provision, and enhancing cross-sectoral collaboration to improve the quality of ECEC services.

18. **The proposed project is in line with Kosovo's National Climate Change and Energy Strategies.** Kosovo's National Climate Change Strategy (2018-2028) and Action Plan on Climate Change (2019-2021) state a 34 percent emissions reduction target by 2027, with a focus on reduction in emissions from energy, buildings and transport (among other sectors). It's National Energy Efficiency Law and Energy Strategy have stated targets of limiting final energy consumption to 1,566 kilotons of oil equivalent by 2020 and reducing emissions from electricity consumption by 35 percent by 2031. While the country is not a signatory to the United Nations Framework Convention on Climate Change and Paris Agreement, and has not published its Nationally Determined Contributions, National Adaptation Plan or Long Term Strategy, the proposed activities in the project are in-line with Kosovo's national targets of emissions reduction and climate and environmental strategies, and are also consistent with the goals of the Paris Agreement and does not pose any risks to achieving the country's mitigation and adaptation goals.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

19. The project's development objective (PDO) is to improve the quality and equitable access to early childhood education and care services in Kosovo.

⁴⁰ Discussed at the World Bank Board May 8, 2023 (Report No. 180809-XK).



20. Equitable access will be addressed by focusing on support for children from poor families receiving social assistance⁴¹; Roma, Ashkali and Egyptian children; and children with disabilities, collectively referred to as 'vulnerable children' henceforth."

PDO Level Indicators:

- Indicator 1: Quality of services in new ECEC centers as measured by classroom observation tool
- Indicator 2: Percentage of children assessed within the National Early Childhood Intervention program - disaggregated by age, urban/rural
- Indicator 3: Increased access to ECEC services: enrollment rate for 0-6 year old – disaggregated by age, gender, minority group, and urban/rural

B. Project Components

21. **The project will achieve its objectives through implementation of activities under three components.** Component 1 aims to improve the quality of ECEC services through improvements to the regulatory framework and capacity to assess and improve service quality. Component 2 will support the government to improve child development outcomes through multisectoral collaboration. Component 3 will increase equitable access to ECEC services by creating more ECEC spaces, providing equipment and teaching and learning materials (TLM) to ECEC services, and supporting a voucher program to ensure access by vulnerable children and families. The project will feature performance-based financing of the voucher program, funded by an Early Learning Partnership (ELP) trust fund.

22. **The project will strengthen integration between social protection, health, and education sectors.** First, under sub-component 1.3, the project will strengthen the ECEC data system in EMIS to ensure interoperability between the three sector management information systems. Second, under subcomponents 1.2 and 2.2, the project will introduce inter-sectorial training modules on a child's development during the first 1,000 days of life and a child development monitoring tool. This training will be delivered to all ECE and MFMC specialists, featuring the cross exchange. And third, as part of component 4, the inter-ministerial body on ECEC will coordinate the implementation of the project. Further project descriptions will highlight these aspects.

23. **The project will be targeting the children population of 0-6 years old** in all quality interventions. However, project's access interventions will not be targeting 5 to 6-year-old children as this age group becomes universally covered with ECEC services starting the academic year 2024-2025 according to the new ECE law.

Component 1: Improving the Quality of ECEC Services (IDA: US\$1.98 million)

24. **The objective of this component is to improve the regulatory framework, and operational and implementation capacity to assess and improve the quality of ECEC services.** This component will include three sub-components, focused on: (i) ECEC regulatory updates development of new ECEC quality and monitoring frameworks, and using these to support the government in carrying out assessments of ECEC service quality, and measurement of child development outcomes; (ii) building capacity of ECEC professionals; and (iii) digitalization and cross-sectoral integration of data to support data-driven decision making. Activities under this component will have impacts at the system and institutional level of the country, with aspects extending to the whole education system. Component 1 will have a nationwide scale by reforming the approach to ECEC and building the institutional and human capacity of the country. The component will target children

⁴¹ New Kosovo Social Assistance System Reform Project (P171098) is improving the targeting mechanism in Kosovo and the project will rely on this reform.



from 0-6 years old.

25. **This World Bank (WB) project will work closely with the European Union and its project financed through the Instrument for Pre-accession Assistance (EU-IPA) for 2024** (EUR 6.5 million). Under the EU-IPA MESTI will receive support in: (i) the development of a System of Institutional Quality Assurance in ECE and its rollout in the ECE system, and (ii) the preparation of training modules for the National ECE Curriculum and Institutional Quality Assurance System roll out, and the subsequent training of ECEC professionals on these topics. These inputs will be critical to achieve WB project outcomes in Component 1. Therefore, if the EU-IPA project is delayed by more than 12 months after this project is effective, the World Bank and MESTI will consider restructuring to ensure these activities are implemented (See Annex 2 for more details on collaboration).

26. **Sub-component 1.1. ECEC regulatory updates and development of the new ECEC quality and monitoring frameworks (IDA: US\$0.59 million).** This sub-component will support the advancement of the existing regulatory framework related to ECEC provision, the development of the national ECEC quality framework, and development of subsequent elements of the quality framework. The subcomponent will finance:

- a. Conducting a review of the existing ECEC regulatory landscape. The review will cover regulations defining the quality standards of ECEC provision (including alternative delivery modalities), water, sanitation and hygiene (WASH) services, climate resilient learning environment of ECEC centers, equipment packages for these centers, the curriculum in relation to structural and process quality of ECEC provision,⁴² and targeting mechanisms for ECEC programs.
- b. Developing a National ECEC Quality Framework based on a baseline study of TEACH ECE in Kosovo⁴³, existing regulations, the existing ECE curriculum, and international best practices for a quality ECEC system. Providing continuous technical assistance to the MESTI on the implementation of the sub-legal acts in line with the new ECE law of the country.⁴⁴
- c. Developing the national ECEC assessment and observation framework and conducting classroom observations and assessments of child outcomes. The MESTI will conduct two follow-up rounds of TEACH ECE classroom observations in years three (midline) and five (endline) of project implementation. This activity will include development of additional national scales to complement the main TEACH ECE instrument that will be aligned with the new national ECE curriculum.
- d. Adapting or developing a child assessment tool that would be aligned with and adapted to national goals. The tool will measure socio-emotional development, early numeracy and literacy, and executive function of children. The project will support one iteration of the study to measure child development outcomes for children ages 3-5, including the production of analytical report.
- e. Improving regulations defining the quality of ECEC learning environments, their pedagogical role, and preparing the guidelines and blueprints for ECEC infrastructure expansion/adaptation as well as development of the equipment standards and requirements for TLM in ECEC centers.

27. **Sub-component 1.2. Capacity building of ECEC professionals (IDA: US\$0.65 million).** This subcomponent will finance the development of a national continuous professional development (CPD) framework for ECEC professionals; improvement of existing in-service and pre-service ECEC teacher training programs and developing new training modules; training, retraining, and requalification of ECEC professionals and their certification. The training activities will cover

⁴² Structural quality refers to inputs such as aspects of the physical environment (e.g., infrastructure), group characteristics (e.g., adult-child ratios), and caregiver or teacher variables (e.g., initial education and training). Process quality, on the other hand, refers to the interactions with teachers, peers, and materials that children experience in ECE settings – in essence, the children’s learning experience.

⁴³ The baseline observation is being conducted before the project is effective with support of the Early Learning Partnership (ELP) Trust Fund.

⁴⁴ One of the prior actions of the DPO supported by the World Bank is the approval of the ECE law in Kosovo. The indicative triggers include a set of approved secondary legislation.



professionals working with children of ages 0-6 in ECEC institutions. In particular, the subcomponent will finance:

- a. Developing the National ECEC teacher CPD framework based on the existing legal framework and the ECE curriculum. The framework will identify the set of training modules that ECEC professionals need to complete their teaching profiles or specializations. This framework will define the professional standards for teachers' qualifications, necessity and periodicity of retraining, and re-qualification into ECEC specializations. It will also improve the processes of teacher certification.
- b. Designing training programs for pre-service and in-service ECEC workers. The training activities will target teachers, administrative staff, principals, and managers of ECEC institutions, as well as decision-makers at municipal and ministerial levels. The training will include new approaches to early childhood education, using the learning environment as a third teacher, stimulation of soft skills development, disability, and inclusion, early stimulation for the first 1,000 days, nutrition, early identification of developmental challenges, climate change, and green education, and gender-sensitive education.
- c. Training, retraining, requalification, and capacity building of ECE teachers, childcare workers, municipal managers, and other decision-makers followed by the certification of completion.
- d. Capacity-building activities for decision-makers and researchers in ECEC, including information exchanges, and a series of seminars and learning events.
- e. Strengthening the Teacher Training and Development capabilities of the MESTI through identifying an existing ECEC facility (selected from those built or renovated under sub-component 3.1) and equipping it with the necessary tools to integrate training center capabilities (observation rooms, seminar rooms, etc.) as well as expanding this center with a function of a recycling center for ECEC learning materials.
- f. Strengthening MESTI's financial planning capacity. This project will create additional spaces for ECEC provision under Component 3. This extension will increase demand for an expanded teacher workforce and thus will require financial planning.

28. Sub-component 1.3. Development and implementation of cross-sectoral ECEC module for the Education Management Information System (EMIS) and improvement of the core EMIS system (IDA: US\$0.74 million). This sub-component will finance the development of a cross-sectoral EMIS ECEC module with interlinkages between health, education, and social protection data, including infrastructure information. The module will be part of the existing EMIS that will also receive additional improvements. The data referral system will be part of the technical requirements of the ECEC module and will be informed by health and social protection information systems operating or under development (including those developed or supported by World Bank-financed projects). The Information Society Agency for Kosovo (ASHI) will also be engaged to link the EMIS with the E-Kosovo platform. The financed activities will include:

- a. Assessing the physical and institutional requirements of transitioning from the current data management system to an EMIS that would encompass all levels of general education, including ECE. The gap analysis will review processes for data collection and reporting, as well as the existing information technology (IT) equipment available at MESTI. It would identify key administrative and management decisions taken by MESTI and school principals and map them against data currently captured by the existing EMIS to identify the data gaps and needs. Standard Operating Procedures (SOPs) would be developed for data collection, validation, analysis, dissemination, and utilization. The SOPs will include roles and responsibilities for the different entities within the education sector, timelines for EMIS-related activities, and clear guidance on the use of teacher and student Unique IDs.
- b. Purchasing of software and hardware needed to transition to an EMIS that covers all levels of education and ECEC.
- c. Developing, piloting, and rolling out of an EMIS that adequately responds to the data needs across the education sector. The EMIS will include the following features: (i) linkages to key databases (school-level data, human resources data, finance data), (ii) linkages to quality assurance and assessment data in ECEC, (iii) robust data privacy features, (iv) hybrid capabilities (cloud and local storage, online/offline), (v) data dashboards targeted



at different stakeholders, (vi) accessibility considerations, (vii) interface of integration with government data systems (like E-Kosovo), and (viii) interoperability functions for referencing of data between the information systems in education, health and social protection. The ECEC EMIS module will also collect infrastructure data related to existing and new ECEC facilities, including climate risks, and will inform the adaptation and mitigation strategies of MESTI.

d. Training, communication, and capacity building on the EMIS for users at all levels of the education sector and relevant agencies involved in ECEC (central MESTI staff, IT officers in education institutions).

Component 2: Fostering Multi-sectoral Integration in ECEC Service Delivery (IDA: US\$3.494 million)

29. **The objective of Component 2 is to support the Government in improving child development outcomes**, particularly through encouraging stimulating development for the first 1,000 days of life, reducing stunting rates through promoting exclusive breastfeeding and healthy nutrition, enhancing child monitoring and early interventions, and cross-sectoral integration of services. Activities under this component will have impacts at the system, institutional, and hierarchical levels of the ECEC management. The activities of the component will target children ages 0-6 in both sub-components, with sub-component 2.2 focusing primarily on ages 0-3.

30. **Sub-component 2.1. Early stimulation and promoting healthy nutrition (IDA: US\$0.59 million).** This sub-component will build the capacity of healthcare professionals and institutions, and help the government communicate to the public the importance of early stimulation, exclusive breastfeeding, and complementary nutrition. The sub-component will also help scale up the guideline on Planning for Healthy Nutrition for ECE Institutions, adopted by the Government in July 2022. In particular, this sub-component will finance:

a. Provision of training on stimulation for the first 1,000 days to healthcare providers in MFMCs (the same training as the training for ECE teachers and childcare workers), using training packages developed under sub-component 1.2.

b. Development of a communications strategy and campaign materials with culturally appropriate messages and approaches to target young mothers at various levels to understand the importance of exclusive breastfeeding and healthy nutrition; implementation of the strategy through a wide range of tools, such as television, newspapers, radio, and social media campaigns; and training of healthcare and education providers on the promotion of breastfeeding and healthy nutrition as part of parent interactions in their settings. Prior to developing the campaign, a behavioral change survey will be conducted to understand nutrition and childcare attitudes and practices in society. The information campaign will also target families to orient them towards child feeding and early stimulation practices at home through different digital tools.

31. **Sub-component 2.2. Child monitoring and early childhood intervention program (IDA: US\$2.904 million).** This sub-component will support (i) interventions to improve the quality and standardization of early identification and child monitoring for ages 0-6 years, and (ii) development and implementation of the monitoring system at the national level. Specifically, the sub-component will finance the following activities:

a. Development and institutionalization of an ECI program for the first time in the country. The ECI program and its tools will be used by both health and education providers to keep track of child development indicators. This activity will also support standardization of procedures for early identification and timely referral, and data reporting and monitoring. This program will also provide guidance for regular child health screening services that should be conducted in ECEC centers and referred for ECI interventions.

b. Piloting of the developed program in Pristina city and up to two rural/vulnerable municipalities followed by the national rollout of the ECI program in Kosovo.



- c. Infrastructure investments in MFMCs across the country and procurement of basic medical supplies to allow for implementation of the ECI program, including small room refurbishments and adaptations and providing ultrasound, laboratory equipment, scales, instruments, transportation means, etc. to allow for implementation of the program piloting and implementation. The package of supplies needed will be defined by the Ministry of Health (MOH). An assessment of infrastructure needs among MFMCs will be conducted before commencement of civil works interventions. The priority will be given to 28 MFMCs with the potential to scale up.
- d. Training of providers and advocacy for national adoption of the ECI program.

Component 3: Increasing Equitable Access to ECEC Services (IDA: US\$13.5 million; ELP: US\$2 million)

32. **The objective of Component 3 is to support the Government's priorities to increase access to ECEC services for families and increase enrollment rates.** Interventions under this component will include: (i) constructing, refurbishing, and repurposing facilities for the provision of ECEC services; (ii) providing innovative equipment and TLM to ECEC centers; and (iii) providing vouchers to enroll children from vulnerable families in ECEC services. Activities under this component will have impacts at the institutional level of the country covering the whole ECEC system. Activities under sub-component 3.1 will be national in scope using targeting criteria to select facilities that will be supported. Activities under sub-component 3.2 will help equip all public ECEC centers in Kosovo. The voucher program under sub-component 3.3 will be made available to vulnerable families registered in the SAS with 3-5 year old children. The component will target children ages 0-6, with a specific focus on children ages 3-5 in sub-component 3.3.

33. **Sub-component 3.1. Green and universal repurposing, building, and renovating ECEC facilities (IDA: US\$11.84 million).** The objective of this sub-component is to maximize the impact of the investment into the expansion of center-based ECEC services, including interventions that could expand access to affordable childcare services. This sub-component will finance: a) the construction of up to 18 new ECEC centers using the offsite method (or modular), by which building elements are prefabricated and mounted on a foundation at the construction site;⁴⁵ b) climate-resilient and energy-efficient rehabilitation of existing ECEC spaces (including building of annexes); c) repurposing/upgrading of other existing public spaces for ECEC use with implementation of energy efficiency and climate adaptation solutions; and d) refurbishments of kitchens to support implementation of the new nutrition guidelines. The capacity of centers will be adjusted to the community needs and might be designed for 40, 80, and 120 children. The expected number of ECEC facilities to be constructed, repurposed, and renovated in this project is 36, but after the planning exercise it might surpass this number. Renovation, repurposing, and new construction will be informed by the regulatory reforms delivered as part of Component 1, and will be focused on child-centered, inclusive, and innovative learning environments that employ universal design, focus on WASH, and provide climate-smart and energy-efficient solutions. These interventions will be informed by the climate vulnerabilities of Kosovo, such as higher temperatures, fewer precipitations, and extreme weather events, such as floods and droughts. Also, shading from overheating and using heat-resistant materials will be part of the climate-smart design. The construction of new ECEC centers will be based on new blueprints of Kosovo's ECEC centers stipulated in Sub-Component 1.1 of this project. This sub-component will support the development and establishment of one new or renovated ECEC center with a training center for teacher preparation and a recycling center of supplies for ECEC centers (mentioned in Sub-components 1.2 and 3.2).⁴⁶

34. **The component will generate significant climate mitigation co-benefits from better construction technology, improved energy efficiency, less landfill, and reduced negative impacts from civil works.** Energy efficiency considerations would include improved lighting, heating, ventilation and air-quality, windows and insulation, and appliances for all new, renovated, and repurposed ECEC centers. The use of prefabricated buildings for new constructions will speed up delivery

⁴⁵ This ensures quality, speed, and cost predictability.

⁴⁶ Remida the creative recycling center. <http://www.remida.org/en/>



and ensure better climate impact. Through such measures, the component will decrease the carbon footprint and increase the energy efficiency of each project school – new, renovated, or repurposed. Furthermore, climate adaptation measures will be supported through the adaptation of the curriculum and preparation of teachers for utilization of the potential of improved ECEC centers. Annex 4 provides further details on the project's climate adaptation and mitigation measures.

35. **Site selection for new, renovated and repurposed facilities will be based on an objective and transparent targeting mechanism.** All Kosovo municipalities will be eligible for project interventions. The targeting approach will rely on the ongoing mapping conducted by the MESTI and United Nations Children's Fund (UNICEF).⁴⁷ The site selection criteria will consider access, equity, quality, financial sustainability, and climate risk. This mechanism will help the Government ensure the most vulnerable populations gain access to the created services, and that enrollment in ECEC services is equitable. They will include the following criteria: a) potential number of children in the respective residence according to UNICEF's analysis of the number of children in the age group 0-4 years according to the civil registry; b) the bottom 40 percent of the socio-economic characteristics of the district (based on the available data on average nominal wages for the district or equivalent – mainly rural areas); c) areas with an increasing population of children; d) possession of school, medical facilities, and other facilities owned by the municipality, unused but potentially suitable for children according to UNICEF's analysis; e) Securing the locations for the construction of ECEC centers through the documents defined by law for the allocation of the construction sites for nurseries from the respective municipality, such as the land spot allocation decision (where needed), connection to electricity, water, sewage, and heating supply systems and commitment of the municipality to provide teachers, maintenance, and necessary resources; f) Identifying and securing locations based on local climate-related disasters and risk exposure to minimize risks from flooding, landslides, and related disaster events, and ensuring climate-informed construction methods and materials for infrastructure development to build resilience against climate-related disasters; g) Nurseries that are amortized according to professional findings, and those with no capital investments for more than 10 years.

36. **Sub-component 3.2. Equipping of ECEC centers with new furniture and learning materials (IDA: US\$1.66 million).** This sub-component will finance equipment, supplies, and TLM to accommodate different teaching methodologies and play-based curricula in ECEC centers of Kosovo. The equipment will also include the tools and materials for early science, technology, engineering, and math skills development (thematically oriented to climate change adaptation). Under this sub-component, the project will aim to provide a universal package of innovative equipment (both indoor and outdoor) for Kosovo's public ECEC facilities. This package will be defined by the regulatory interventions under Component 1 and will consider previous and upcoming interventions in Kosovo (e.g., learning corners financed by the EU-IPA).

37. **Sub-component 3.3. Support for the participation of vulnerable children in the voucher program (ELP: US\$2.0 million).** This sub-component will feature a performance-based financing voucher program for vulnerable families.

38. **PBC: Increase in enrolment and attendance of vulnerable children in childcare services through voucher mechanism (ELP: US\$2 million).** The objective of the voucher program is to improve access of 3-5 year-old children from vulnerable families as listed in the state social assistance register to childcare, allowing parents to engage in full time work. The program will define the minimum eligibility criteria of institutions to receive vouchers as being fully registered and licensed for provision of such services. The minimum conditions for release of vouchers is evidence of enrollment and completion of at least a 6-month childcare program. More detailed conditions for vouchers and precise mechanism of their implementation will be determined by the MESTI and Ministry of Finance, Labor and Transfers (MOFLT) during the first year of the voucher program implementation. This activity will be implemented by the MESTI and MOFLT. The vouchers in this project will represent transfers of funds directly to service providers subject to family choice and provider

⁴⁷ The mapping analyzes the existing demand for ECEC and available capacities of the whole education system (primary schools included) combined with a projection tool based on population movement and demographic changes.



eligibility. Eligible expenditures under this PBC will include: (i) consultancy for the preparation of the program, (ii) training, (iii) monitoring, (iv) communication, and (v) voucher payments. For years 2-4, the eligible expenditures will include (i) voucher payments and (ii) monitoring and control. The guidelines will also consider including the transportation costs in the voucher allocations to compensate the providers if necessary, so vulnerable families can use the services. Given the vouchers would target non-public institutions, the amount of the vouchers will be defined based on the market. The Bank analysis of the market gives an estimate of EUR150 per month for the kindergartens providing childcare services. More detailed voucher allocations will be defined by the guidelines and regulations for a voucher program, developed in the first year of the program implementation, and may be differentiated by the location and family circumstances.

Component 4: Project Management and Monitoring and Evaluation (IDA: US\$1.026 million)

39. **The objective of Component 4 is to support the day-to-day management of project implementation, the monitoring and evaluation of its implementation, and technical assistance and operational support for MESTI.** This component will finance the necessary staff of a Project Implementation Unit (PIU) in MESTI and all necessary costs for project implementation. In addition, this component will include the design of an impact evaluation (IE) study relying on the observations and assessments supported under Sub-component 1.1. The IE will combine the TEACH ECE and identified child outcomes assessment instrument, analyzing results in the project ECEC centers and a control group of ECEC centers to show the impact of the project. It will also measure the impact of ECEC expansion that fulfills a childcare function on child development and labor market outcomes. Implementation of the IE will continue throughout the project duration. The component will also finance verification of the PBC, midpoint and endline evaluation of PBC implementation, meaningful outreach, and information activities to provide information support to vulnerable families to raise awareness on the ECEC benefits.

Cross-Cutting Considerations

40. **Gender.** The proposed project aims to reduce the gap in workforce participation between men and women in two ways. First, the increase in provision of childcare and ECEC services is expected to free up time of the primary caregivers (predominantly women) to take up paid employment opportunities, a pattern validated by evidence from other EU countries. Second, the increase in childcare and ECEC services will require an increase in staff in roles typically filled by women (according to both Kosovo evidence and global literature⁴⁸), which directly increases the workforce participation of women. This gap in workforce participation will be measured in the results framework through an intermediate results indicator. In addition to this, any curricula updates developed under the project will include gender sensitive language in training, and TLM (for both teachers and health workers). This would be expected to combat gender bias in teaching and remove stereotypes around traditional gender roles. This approach would also be extended to the communications campaigns. Trainings supported by the project will also include a module on gender-based violence (GBV) for relevant staff to raise awareness of the damaging impacts of GBV, and, to the extent feasible within the local context, equip staff with the capacity to identify and report GBV cases. Finally, the project will ensure suitable WASH and menstrual hygiene management facilities are included in any works carried out under Component 3, as well as the standards updated under Component 1. This is important for female workers, which the project is aiming to attract and retain in the workforce.

41. **Inclusive Education.** The proposed project contains several interventions to improve access and quality of ECEC services for children with disabilities. Teacher training will include aspects on inclusive education, raising awareness of teachers and providing them with skills to manage groups of children with diverse needs. The multisectoral provision of ECEC services supported by the project allows for improved collaboration between health and education service providers,

⁴⁸ Child Care as Women's Work: Workers' Experiences of Powerfulness and Powerlessness <https://www.jstor.org/stable/189886>



with regular screening programs for children allowing for early diagnosis and timely referral for child developmental challenges. The EMIS will include data on children with disabilities that will improve decision making at the local and higher levels around education services for children with disabilities. Construction activities related to ECEC services will include provisions for inclusive spaces, including access ramps and universal access WASH facilities. Finally, all of these activities will be institutionalized through Component 1 activities that aim to set out the standards for ECEC service provision that focus on equitable access for all children in Kosovo.

42. **Climate/Disaster Risk screening and Climate Co-Benefits.** A climate and disaster risk screening has been carried out for the proposed project and has been used to inform aspects of the project design that address climate vulnerability. Kosovo is prone to several climate-induced hazards, as described earlier. Flooding, in particular, poses a risk to buildings that will be constructed or rehabilitated under the project. The potential risks to facilities covered by the project due to flooding is greatly reduced by the design of these facilities, and the inclusion of soft components (e.g. regulations and standards updates for ECEC services facilities and EMIS development for ECEC), which take flood risk into account. The new ECE regulations developed under Component 1 will incorporate climate-smart designs and technologies for constructions and renovations of early learning spaces and other ECEC services, that will mitigate the impacts of climate-induced hazards and support ECEC service providers and communities to adapt to the impacts of these hazards. This may include the capacity of new and refurbished buildings to serve as shelters for the community in case of extreme weather. The new standards defined under the new ECE regulations will guide project activities under Component 3, and once approved for national rollout, will guide constructions and renovations of all such buildings in the country, having an impact far beyond the financing of the project. Furthermore, awareness raising of climate change adaptation and mitigation will be incorporated into curricula for ECEC teachers, health workers, childcare workers and other government staff. Additionally, broader community communications campaigns will be implemented to enhance communities' understanding of how to reduce the impacts and adapt to future climate-related hazards. The project will therefore produce several adaptation and mitigation climate co-benefits. See Annex 4 for full details. While Kosovo still has work to do to put in place its intended climate change commitments, it has several strategic documents guiding its climate change agenda, and donor support is helping it to put in place a voluntary Nationally Determined Contribution. Therefore, the overall risk of climate-induced hazards to the outcome of the project is considered to be Low.

43. **Citizen Engagement.** The proposed project will engage all stakeholders, including beneficiaries, at multiple points of project design and implementation. The new ECEC regulations developed under Component 1 will be carried out in consultation with stakeholders, and feedback from the piloting of the regulations will feed into adaptations before national rollout. The project will utilize roundtable meetings and/or feedback events, offering a platform for a two-way exchange of ideas. Beneficiary feedback will directly inform the adaptation of regulations before their national rollout. These will serve as two-way channels for dialogue, where beneficiaries can learn about the impact of their feedback and the actions taken in response. Furthermore, the project will integrate an online feedback and engagement mechanism into the ECEC module, enabling users to provide ideas, inputs, share experiences, and ask questions. This mechanism will be aligned with the planned campaign for dissemination. Similarly for interventions under Component 2, a situational analysis will benefit from stakeholder inputs on barriers to adopting the new nutrition menu in ECEC centers, which will inform interventions supporting national rollout of the menu. Under Component 3, the voucher program for vulnerable families will call for municipal and community verification through spot checks of providers to verify and report attendance. To bolster citizen engagement even further, Component 4 will introduce capacity-building initiatives for project implementation staff. These will empower project staff with the necessary skills and knowledge to effectively engage with and respond to beneficiary feedback, reinforcing our commitment to inclusive and responsive project management. The project's results framework encompasses an indicator to measure the satisfaction of project beneficiaries through annual users' perception surveys, assessing the extent to which their insights have been incorporated into project



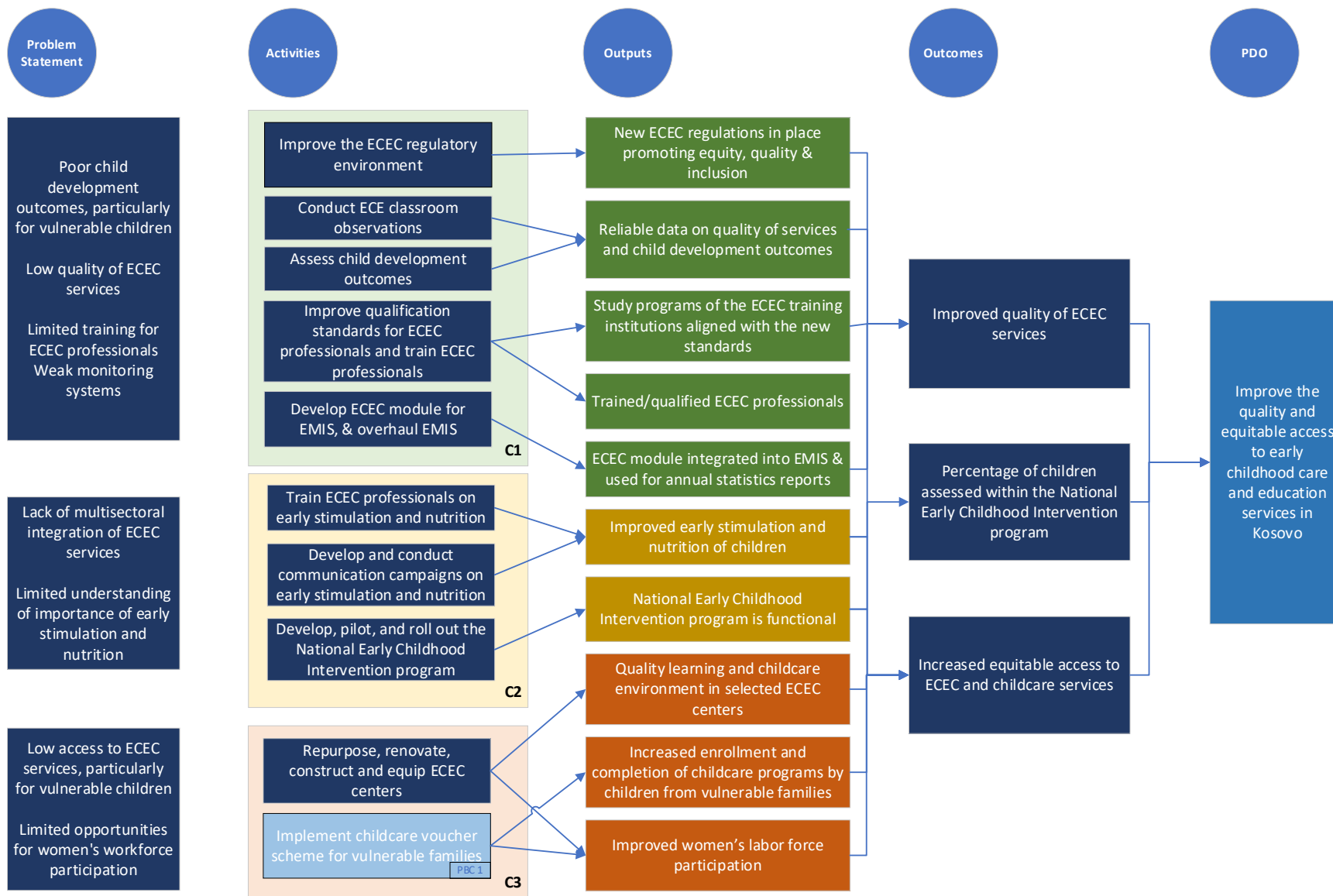
implementation. These surveys will be conducted at least three times during project implementation, providing regular feedback.

C. Project Beneficiaries

44. Direct beneficiaries of the proposed Project would be all children in Kosovo attending ECEC services, staff, ECEC and health professionals of supported childcare centers and ECEC facilities. The project will reach 3,800 boys and girls, 1,500 ECEC teachers and professionals, and 1,500 MFMC staff who would benefit from training, renovations, repurposing, adaptation, and construction of new ECEC facilities, a voucher program, and training opportunities. Direct project beneficiaries would also include families and community members. Component 1 and Component 2 interventions on quality will reach all enrolled children in Kosovo. As far as education and health institutions are concerned, the proposed Project would enhance the capacity of the MESTI and the MOH. Indirect beneficiaries would include employers as the women's participation in the labor market would increase.



D. Results Chain





E. Rationale for Bank Involvement and Role of Partners

45. In Kosovo, there are several main donors (World Bank, UNICEF, Switzerland Caritas, EU Office in Kosovo, Save the Children, Volontari nel Mondo) actively involved in various ECEC initiatives concentrated in the areas of infrastructure development, policymaking, and capacity building. This financial aid substantially supports the ECEC subsector in Kosovo. However, most of the donor efforts are concentrated in policy and training rather than on improving access to ECEC services.

46. The areas where there is relatively less donor support in Kosovo include integrated services, health, nutrition, and quality assurance procedures. This suggests that there may be opportunities for increased donor engagement and investment. Strengthening integrated services could involve initiatives that facilitate collaboration and coordination among various stakeholders involved in ECEC. Likewise, addressing health and nutrition aspects is crucial for ensuring holistic well-being among young children. The new round of EU-IPA will support the development and implementation of a comprehensive quality assurance system for ECEC in Kosovo. This project will rely on the developed system and will strengthen the observations and child outcomes assessment in Kosovo to build a coherent national ECEC quality framework. Most of the interventions in the EU-IPA support and this project are complementary, while some are interdependent. Annex 2 of this document provides details of the collaboration between the two operations. Also, the description of Component 1 provides additional information on the collaboration and project actions in case the EU-IPA is not implemented.

47. Childcare interventions will increase the productivity of women in Kosovo and will allow young children to benefit from professional early learning and stimulation services. Given the extremely low coverage of ECEC services in Kosovo, the potential for women's employment with ECEC expansion is sizeable. The project will support diverse interventions to expand coverage and ensure the quality of provision is at a level ensuring holistic development of children. At the same time, the project will ensure that the expansion of the ECEC system in Kosovo will be equitable and feature demand-side interventions that target communities and families in need.

48. The proposed project will leverage different types of funding, including the programmatic DPO and the recipient-executed grant funding from the ELP. To support this work from the analytical angle, the World Bank team is also working on the EU-funded Western Balkans Care Economy activity, and Kosovo is participating in a deep dive on childcare. This review will focus on identifying the existing bottlenecks to private provision of childcare in Kosovo and will also inform the project's interventions in regulatory and training subcomponents. The EMIS sub-component of this project will also interact with the World Bank-supported project on healthcare under preparation and Kosovo Social Assistance System Reform Project (P171098) under implementation. These projects support management information systems and will collaborate in data exchange activities.

F. Lessons Learned and Reflected in the Project Design

49. The design of the project builds on lessons and experience from previous and ongoing World Bank-supported projects. The World Bank has operational and technical experience in designing and implementing ECEC operations globally and in the Europe and Central Asia (ECA) region. The approach to better ECEC operations in the World Bank is defined in the recent publication on quality early learning.⁴⁹ The design of the proposed project relies on this and other analytical work of the World Bank, including in Kosovo.

⁴⁹ Bendini, Magdalena; Devercelli, Amanda E. 2022. Quality Early Learning: Nurturing Children's Potential. © Washington, DC: World Bank. <https://openknowledge.worldbank.org/entities/publication/fbf3b572-91e6-5c13-89af-334fab423621> License: CC BY 3.0 IGO.



50. Project implementation by the MESTI will bring more capacity building to the ministry and ensure the sustainability of the project. In Kosovo, most projects are implemented by external implementing units. While the external model is relatively efficient for project delivery, it leaves the government behind in terms of capacity building. As practiced in many other countries, placing the implementation team in the ministry structure will help to extend the technical capacity, advance the expertise of ministerial staff, and ensure the institutional memory will stay with the implementing ministry. In recent years, the MESTI has been stable, and the risk of frequent changes of government and personnel is less likely for this project.

51. Under the Kosovo Education System Improvement Project (KESIP, P149005), the government of Kosovo had plans for improvement of the EMIS; however, it took too long for the government to adjust the regulatory changes and thus could not be supported through the project. This operation will include regulatory changes for ECEC and those changes will also include the preparedness for EMIS introduction. The new operation also builds on the experiences of the KESIP, and will make sure that sequencing of activities, including the first analytical stage, will learn from previous experiences.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

52. The project would be implemented over a five-year period by the MESTI of the Republic of Kosovo. The MESTI as an institution has a long experience of implementation of World Bank-funded operations. The MESTI will be responsible for decision-making on the Project and implementation in coordination with the MOH for component 2 of the Project, and the MOFLT for component 3.3. The implementation of Components 1 and 2 of the project might include the participation of UNICEF managed by the standard agreement between MESTI and UNICEF. The MESTI capacity to manage and implement the project will be augmented in the following areas: overall management and coordination, procurement and financial management, project monitoring and evaluation (M&E), and translation services. For that, the MESTI will form a PIU and hire local consultants: Project Coordinator, Procurement Specialist, Financial Management Specialist, Disbursement Specialist, M&E Specialist, and other consultants to support implementation of the project components. The MESTI will also hire local consultants to support it in environmental and social (E&S) management and ensuring compliance with the Environmental and Social Framework (ESF) and other related E&S documents.

53. Each project subcomponent/activity will be implemented by the MESTI and MOH units which, as per the MESTI and MOH regulations, have primary responsibility for that activity. To support those units, the following consultants will be hired in MESTI and MOH: (i) Education Specialist for Component 1 to support the regulatory reform, (ii) Health/ECEC specialist for Component 2 in MOH, (iii) Chief Engineer for Component 3 to support the infrastructure activities, and optionally (iv) Voucher program coordinator to support the innovative voucher program implementation. The project may also hire an EMIS Coordinator to support multisectoral integration of data and a Training Coordinator to support all training activities in Component 1 by MESTI and MOH. The reporting arrangements under the project will follow those established in the MESTI, MOH, and MOFLT. The activities' implementing units will keep reporting to their respective line managers. While those units will oversee the implementation of the respective project activities, the overall project coordination and implementation will be under the responsibility of the MESTI's Steering Committee and General Secretary, who will undertake the role of the Administrative Project Director.

54. The Project Operations Manual (POM) will define the Steering Committee in detail as per the members, positions, and responsibilities of each member, and will include the representatives of MOH and, as needed, municipalities. The MESTI will also hire a Project Coordinator. The Project Coordinator will report to the Minister, Steering Committee, and



the General Secretary as the Administrative Project Director. The Project Coordinator will support the Administrative Project Director to coordinate different project activities on a daily basis. Additional administrative support staff will provide necessary support to the project. For the high-level coordination of this project, the MESTI, MOH, and MoFLT will establish/reinforce the inter-ministerial coordination body. This body will also include the municipalities, that will be responsible for (i) land allocation, (ii) provision of unused spaces for renovation repurposing, (iii) nominating teachers and professional staff for continuous professional development, (iv) adopting the nutrition menus, (v) providing support to families through municipal MFMCs and family centers, (vi) supporting the studies within the project, and (vii) arranging the spot checks of voucher providers. More details are provided in Annex 1 to this document.

B. Results Monitoring and Evaluation Arrangements

55. The project will include a robust M&E framework to enable decision-makers to track performance, adjust implementation as needed, and demonstrate the impact of interventions financed by the project. M&E arrangements of the project will be led by the MESTI, using and building on existing systems and data sources to the extent possible, and annexing those with additional instruments, such as TEACH ECE observations to inform the design and effectiveness of project interventions, and provide the MESTI with evidence of what works for improving quality and increasing access of ECEC services. An IE study will be designed under Component 4. A baseline TEACH ECE study will be financed by the ELP trust fund through the World Bank's support to the government. The midline and endline evaluations using TEACH ECE as well as two rounds of evaluation of child outcomes are built into the project under Sub-component 1.1.

C. Sustainability

56. Component 1 of the project is focused on the principle of sustainability through the improvement of the ECEC regulations, building capacity of the ECEC professionals, and enhancing management of the ECEC system. The development of elements of the regulatory framework under Component 1 will be designed in line with the new ECE law. The ECEC regulations, procedures, and mechanisms will be supported by an investment plan that the Government of Kosovo could use to sustain the intended ECEC improvements. Cross-sectoral EMIS will improve coordination of the human development ministries on ECEC-related issues. Capacity building of ECEC professionals and new teacher-training programs will improve and sustain quality of ECEC services, and new and upgraded learning environments will benefit students' outcomes. The significance of early childhood, optimal nutrition, and breastfeeding will be reinforced through information campaigns. These efforts aim to reinforce sustainability of the project activities, especially among vulnerable populations.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

57. The importance of healthy nutrition, schooling and learning to economic growth and development is well documented. Children who benefit from nutrition and early learning interventions have higher academic achievements and school completion probabilities. Grade 4 students in Kosovo with three or more years of ECEC scored 30 test points higher in the Trends in International Mathematics and Science Study (TIMSS-2019) compared to their peers with no ECEC experience. The difference in scores is equivalent to one year of schooling. Education is central to achieving the goals of creating a world free of poverty on a livable planet. High levels of education are often associated with improved economic



opportunities, including improved access to jobs and higher lifetime wages. Therefore, investment in ECEC in the Republic of Kosovo is justified considering the low coverage, high benefits, and economic returns.

58. The current economic analysis is built on the assumption that at least 3,400 boys and girls and 2,500 teachers will benefit from improved ECEC programs in renovated and new ECEC facilities. Direct project beneficiaries would also include families and community members. The main goal of the project is to improve equitable access to and quality of ECEC services in Kosovo. The expected positive outcomes include (i) improved nutrition and health outcomes, (ii) higher retention rates and learning outcomes in primary and secondary school, and (iii) better labor market outcomes. To quantify the project benefits, the economic analysis considers (1) improvements in expected years of schooling for children that will be enrolled in new or improved preprimary institutions, (2) improvements in learning outcomes since students with ECEC learning experience score higher on standardized tests as discussed earlier, and (3) improvements in health outcomes due to better nutrition and its positive impact on learning outcomes and internal efficiency (repetition and dropout rates). In addition, the analysis considers the possibility of mothers, whose children will be enrolled in the project-supported ECEC institutions, to (re)enter the labor market and start earning wages.

59. The economic analysis confirms the economic rationale of the project, with Net Present Value (NPV) ranging from US\$46.0 million to US\$185.3 million and the Internal Rate of Return (IRR) between 15.2 percent and 29.4 percent under the three different scenarios considered. The project is to yield positive results on the education quality in the medium run as it (a) targets an area of intervention, preprimary education, that is critical for long-term school performance, as measured by standardized assessment; (b) supports and complements the government's reforms in this area; and (c) provides instrumental additional funding to support both cost-effective and well-targeted ECEC programs. Project objectives and performance targets are based on detailed financial analysis and simulations. These objectives and targets are financially feasible if the national education budget is supported by external funding. The selected activities draw on international experiences and best-practice and past projects in Kosovo and the ECA region.

60. Private returns to education are high in the ECA region. Globally, education brings a return of about 9-10 percent, which means that every year of learning generates about a 10 percent increase in earnings annually.⁵⁰ In common with the findings for most countries in ECA, the returns to schooling for women in Kosovo are higher at 11 percent for each additional year spent in school compared to 8 percent for men.⁵¹ The rate of return on investments to ECEC interventions depends on many factors, including the focus, duration of exposure, and quality of programs being implemented, but they have been shown to have benefit-cost ratios from 6:1 to as high as 17:1.⁵²

61. **The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation.** Assessment and reduction of mitigation risks: Components 1 and 2 do not pose any risks to achieving Kosovo's mitigation goals as they are universally aligned activities. This includes the assessment of ECEC quality and overall regulatory framework, EMIS system, capacity building, and multi-sectoral integration. Activities under component 1 and 2 which include infrastructure, construction, equipment, refurbishments, and digital systems, also under component 3 follow the guidance as per the country's national frameworks and go beyond to incorporate the highest standards of energy efficiency equivalent to Level 1 EDGE, and climate informed construction methods and design to minimize emissions and prevent carbon lock-in. Assessment and reduction of adaptation risks: Activities financed under Components 1 and 2 are unlikely to be materially impacted by physical climate hazards as they primarily comprise assessments of ECEC quality and regulatory frameworks and capacity building. For activities under all components (1, 2, and 3) which involve physical infrastructure including new construction, digital systems, and equipment (including refurbishments, furniture, upgrades), impacts from local climate

⁵⁰ World Bank, 2023

⁵¹ Gashi, 2022

⁵² Engle et al. 2011



risks have been minimized by incorporating climate-informed location selection and design for new ECEC buildings construction, the use of climate and heat resistant materials, and other resilience building measures such as embankments, rain water harvesting systems, improved ventilation design, and others as needed.

B. Fiduciary

(i) Financial Management

62. The overall Financial Management (FM) arrangements meet the minimum requirements of the World Bank's Policy and Directive on Investment Project Financing (IPF). Responsibility for the project's FM will remain with the MESTI, through its Budget and Finance department. The project will rely extensively on the various elements of Kosovo's public financial management (PFM) systems including organizational hierarchy, budget classification and program structure, reporting and expenditure monitoring systems, Treasury function, internal control framework, and external audit. The Bank team conducted an assessment of such systems, MESTI structure, its FM staff and FM practice in MESTI. The main findings are as follows: (i) fully utilized FM staff with no hands on experience with Bank requirements, particularly with the PBC mechanism; (ii) recent audits indicate that FM and accounting controls implemented in MESTI are not fully effective; (iii) previous pilots for vouchers have proven to be a challenging experience, mainly linked with weak capacity, institutional coordination and lack of experience; and (iv) recurring untimely budgetary allocations in the previous project.

63. In response to the identified risks, the following measures have been agreed to strengthen the FM systems for the proposed operation: (a) the POM will describe the FM, disbursement, and enhanced internal controls policies and procedures; (b) a qualified FM specialist to support the MESTI Finance Department; (c) guidelines for the voucher program will be adopted for implementation of the activity under Part 3.3, which will include requirements for payment control, reporting and auditing; (d) training and capacity building activities, which will also include funds flow and FM aspects, will precede the launch of Part 3.3 activities; and (e) periodic and on-the-job FM and disbursement training of the FM staff, budgeted under Component 4. To manage risk associated with the budget, the MESTI is required to implement an effective and documented project planning and contract monitoring process, while the Bank team will review the annual work plan and monitor the annual budget formulation process. As a prerequisite, the MESTI needs to reflect project spending forecast into annual budget documentation.

64. Disbursements under the proposed project will be carried out in line with the World Bank Disbursement Guidelines for IPF (February 2017). Each source of financing, i.e., IDA financing and ELP Recipient Executed Grant, will finance different project activities, identified separately in the procurement plan and Interim unaudited Financial Reports (IFRs). The project funds will be disbursed based on quarterly IFRs, though (i) traditional IPF disbursement methods for all project components, except Part 3.3 (ii), and (ii) PBCs based disbursement for Part 3.3 (ii). The eligible expenditures for Part 3.3(ii) will be reimbursed upon evidence of achievement of PBCs; these are financed wholly by the ELP Grant. The advance method and Designated Account (DA) will be used only if required by the recipient. In that case, two segregated DAs, one for each source, denominated in EUR will be opened at the Central Bank of Kosovo, as subaccounts linked to the Single Treasury Account. The advanced funds will be based on 6-months spending forecast, and will be earmarked for the proposed operation. The project's disbursement arrangements will be managed by the MESTI. Detailed disbursement arrangements are set out in the Disbursement and Financial Information Letter (DFIL).

65. The project's IFRs and annual project financial statements (PFS) will present all project sources and expenditure. The following FM requirements are included in the DFIL: (a) quarterly IFRs, in the form and substance agreed with the World Bank, will be submitted to the World Bank no later than 45 days after the end of each quarter and (b) annual PFS



will be audited by independent auditors under terms of reference acceptable to the World Bank. The audit scope will be extended to include implementation of the voucher scheme at the local level and service providers. The audited financial statements will be presented to the World Bank no later than six months after the end of the fiscal year and made publicly available in a manner acceptable to the World Bank.

(ii) Procurement

66. Procurement will be conducted using the World Bank's 'Procurement Regulations for IPF Borrowers', first published July 1, 2016, fourth edition November 2020, to supply works, goods, and non-consulting and consulting services. The World Bank's Standard Procurement Documents will govern the procurement of World Bank-financed Open International Competitive Procurement. Mandatory Procurement Prior Review Thresholds detailed in Annex I of the Bank's Procurement Procedure are observed. For bidding processes with a national market approach, bidding and requesting quotations documents will use standard procurement documents acceptable to the World Bank. These will be included in the POM.

67. The Project Procurement Strategy for Development (PPSD) describes how procurement in this operation will support the attainment of the PDOs and deliver value for money under a risk-based approach. It also provides adequate supporting market analysis for the selection methods detailed in the Procurement Plan. The PPSD mainly focuses on the consulting services (technical assistance) of Components 1 and 2, the EMIS of Component 1, and Works and Goods related to Component 3. One of the conclusions of the PPSD is that MESTI will need help to do and manage all the project's procurement processes. The construction processes will be done through an open request for bids with a national market approach and using bidding documents agreed upon with the Bank. In these processes it is expected to use lots defined by geographical zones, which aims to increase the process efficiency by positively impacting the potential load in contract management and supervision of such works. One of the key aspects to define that the proper market approach is National is due to the nature and spread-out localization of the results added up to the existence of qualified and experienced contractors in the country. Nonetheless, the project will revisit this strategy before launching the first open competitive process to ensure and verify current market conditions. It was also determined that all works supervision services would be carried out by hiring consultant firms or individuals specialized in providing these services, depending on the nature and complexity of the specific works.

68. From a procurement perspective, the fiduciary risk rating is Substantial. The key issues and risks concerning procurement for project implementation include: (i) the current structure and workload of MESTI, considering the incremental work due to the volume of planned procurement processes to be financed by the project; (ii) coordination between the ministries' technical units and procurement; and (iii) potential risks in complex interinstitutional arrangements between the different ministries. The corrective measures that were agreed upon are to: (i) equip the MESTI with appropriate staff in terms of qualifications and quantity (hiring an experienced procurement specialist); (ii) define in the POM appropriate roles and responsibilities of the technical and procurement units; and (iii) clearly define in the POM the roles, responsibilities, functions including the interaction between MESTI and the other ministries.

69. As per paragraph 5.9 of the Procurement Regulations, the World Bank's Systematic Tracking and Exchanges in Procurement system will be used to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the project. The Borrower has prepared the Procurement Plan in accordance with the results provided by the PPSD, including a timeline for implementation of procurement processes covering at least the first 18 months of project implementation, which has been agreed upon with the World Bank.



C. Legal Operational Policies

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

D. Environmental and Social

70. The overall ESF risk level is assessed as moderate. The environmental risk is assessed as moderate. Anticipated environmental risks are expected to be moderate, given the medium-scale project activities involving the rehabilitation, repurposing of existing spaces, and potential new kindergarten construction, which will be identified during implementation. These activities under Components 2 and 3 are of medium scale, potentially resulting in temporary, predictable, and manageable environmental impacts. These include risks such as water pollution from fuel and waste leakage, noise, vibration, and temporary air pollution from construction activities, waste generation, safety concerns for workers, electric shock injuries, road traffic limitations, and potential impacts on historical and cultural heritage sites. While the project is not expected to operate in environmentally sensitive areas or near known heritage sites, the specific districts are yet to be determined. Overall, the project activities are not anticipated to cause serious, long-term harm to the environment or human health. Kosovo faces low to moderate climate-induced hazards, including flooding, which can impact buildings targeted for construction or rehabilitation under the project. However, the risk of flooding to project facilities is significantly reduced through their design and the incorporation of soft components like updated regulations and standards for ECEC services facilities and EMIS development. Environmental risks can be effectively minimized or avoided by adhering to World Bank (WB) Environmental and Social Standards, WB Group Environmental Health and Safety Guidelines, and Good International Industrial Practices. Given the current lack of activity details, the client has prepared an Environmental and Social Management Framework (ESMF) to guide risk assessment and mitigation during implementation.

71. The project's social risk is assessed as moderate, with the expectation that it won't lead to significant adverse social impacts. While the project aims to enhance public service efficiency and accessibility for minority and marginalized groups, it involves small-scale infrastructure works for ECEC facilities, primarily during the construction phase. These works are anticipated to have temporary and manageable social impacts. The project is designed to avoid displacement or loss of structures, with a prepared Resettlement Policy Framework for any involuntary land acquisition situations. Labor risks, particularly Occupational Health and Safety issues (such as safety risks to workers due to various factors like high-altitude work, electric shock injuries, etc.) as well as community health and safety risks, are expected but considered low to moderate. These issues will be addressed through the ESMF and Labor Management Procedures, including a dedicated Grievance Redress Mechanism for project workers. Inclusivity concerns for vulnerable groups will be tackled through Component 3, which promotes inclusion via voucher scheme implementation. To mitigate social risks further, vulnerable groups will be involved in project design and stakeholder engagement processes, supported by a comprehensive Stakeholder Engagement Plan. Additionally, measures will be taken to address limited capacity in applying environmental and social safeguards at national and local levels, as well as potential challenges stemming from increased demand for ECEC and MFMC services.



72. While MESTI possesses the capacity to implement the project and stands to benefit from capacity-building initiatives and hands-on project experience, there is a gap in its ability to manage E&S risks effectively. Consequently, MESTI will need to recruit environmental and social specialists to aid in overall project implementation. The existing E&S capacity within MESTI is considered weak, particularly since the previous World Bank project, KESIP, did not include an infrastructure component. Strengthening the Ministry's, line ministries', as well as local governments' E&S capacities will be necessary for successful project implementation.

V. GRIEVANCE REDRESS SERVICES

73. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, visit <https://accountability.worldbank.org>.

VI. KEY RISKS

74. The project's overall residual risk to the achievement of the project's PDO, after mitigation, is substantial. This is mainly due to technical design, institutional capacity, and fiduciary risks.

75. Technical design risks are also rated as substantial due to the complexity of the proposed operation, which envisions a shift from traditional to the PBCs in vouchers for vulnerable families, which is a demanding undertaking. Instituting the performance-based targeted voucher system in Kosovo will be critical for the success of this project. To mitigate this risk the implementation support plan will include strengthened support to the MESTI in implementation. The implementation arrangements for this project will also feature staff support for the MESTI, including coordinator of voucher scheme that will be financed through the project. Also, the project will feature a Hands-on Expanded Implementation Support option that will enable the Bank to provide ongoing support to the government.

76. Institutional capacity for implementation is assessed as substantial. The involvement of three ministries – MESTI, MOH, and MOFLT - in the implementation arrangements may result in delays. A project coordination unit with clearly defined roles and responsibilities would need to be established to carry on project activities. As the main implementing agency for the project, MESTI will carry the main responsibility for the project implementation. The project will also feature the coordination body that would include the representatives of all implementing ministries. Both MESTI and MOH have dedicated components in the project, which should ensure sufficient management independence for both ministries.

77. Fiduciary risks are assessed to be substantial. Based on a preliminary assessment of procurement-related issues (related to the country environment, the nature of the project components, involving mainly complex consulting services,



works, and goods contracts), the procurement risk is viewed to be substantial. Mitigation measures for procurement risks would include hiring an experienced procurement specialist as part of the project management team and close supervision and support by the Bank team on procurement and technical aspects of the Project. The project will also feature the Hands-on Expanded Implementation Support which will provide more resources for implementation support. The FM risk based on a preliminary assessment would be Substantial considering the complex implementation arrangements (two central level agencies and municipalities) and project design featuring PBC. The identified risks relate to overall weak technical capacities, weak institutional coordination, and risks associated with the project design and lack of related experience. Mitigation measures include defining the project's FM, disbursement and enhanced internal control policies and procedures in the POM, hiring an experienced FM specialist, providing training and capacity building to relevant staff, and providing adequate Bank support to the MESTI in development and monitoring of the annual workplan and budget.



VII. RESULTS FRAMEWORK AND MONITORING

PDO Indicators by PDO Outcomes

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
Improvement of quality of early childhood education and care services					
Quality of services in new ECEC centers as measured by classroom observation tool (Percentage)					
Oct/2023	Jun/2025	Jun/2026	Jun/2027	Jun/2028	Jun/2029
0%	0%	40%	60%	60%	90%
Percentage of children assessed within the National Early Childhood Intervention program (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	0	10	25	35	40
Improvement of equitable access to early childhood education and care services					
Increased access to ECEC services: enrollment rate for 0-6 year old (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
19.5	21	22	23	24	25
➤ Increased access to ECEC services: enrollment rate for 0-2 year old (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
4	4	4.5	5	6	8
➤ Increased access to ECEC services: enrollment rate for 3-5 year old (Percentage) (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
36.1	38	38.5	39	39.5	41
➤ Increased access to ECEC services: enrollment rate for 0-6 year old (Percentage) - Rural (Percentage)					
Oct/2023	Jun/2025	Jun/2026	Jun/2027	Jun/2028	Jun/2029
6	6.5	7	7.5	8	8
➤ Increased access to ECEC services: enrollment rate for 0-6 year old - Girls (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
19.5	21	22	23	24	25
➤ Share of Roma, Ashkali, Egyptian children, children with disability, and children on Social Assistance Scheme in all enrolment (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029



7	7	7.5	8	9	10
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Intermediate Indicators by Components

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
Improving the Quality of ECEC Services					
Teachers trained and certified under the ECEC training program to comply with the teacher qualification standards (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	50	500	750	1000	1500
➤ Teachers trained and certified under the ECEC training program to comply with the teacher qualification standards - Female (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	50	450	700	900	1400
➤ New qualified Preschool teachers and ECEC professionals resulting from project interventions and employed in the new ECEC centers (Number)					
0	50	150	200	250	300
➤ New qualified Preschool teachers and ECEC professionals resulting from project interventions and employed in the new ECEC centers - Female (Number)					
0	50	90	140	240	280
Analytical reports produced using the TEACH ECE study and Child Assessments, recommendations provided, and implemented as the national policy (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	1	2	2	3	4
Pre-service and in-service training institutions that reformed their study programs based on the new preschool curriculum, early stimulation and early diagnosis, and core ECEC competencies (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	6	10	15	20	25
Education statistics reported annually, based on data generated by the new ECEC module of EMIS (Yes/No)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
No	No	No	Yes	Yes	Yes
Fostering Multi-sectoral Integration in ECEC Service Delivery					
MFMC professionals trained to early stimulation and child monitoring as part of the first 1000 days program (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	0	500	750	1200	1500
Number of children benefiting from the use of the new nutrition menu (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	240	1000	1500	2000	3400
Number of MFMC facilities benefitting from renovations or adaptations and equipment to implement Early Childhood Intervention program (Number)					



Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	4	8	15	20	28
Increasing Equitable Access to ECEC Services					
Repurposed, built, and renovated ECEC facilities in Kosovo with universal design and green technology (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	2	8	15	25	36
Number of ECEC centers supplied with equipment packages (Number)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	20	50	65	80	90
Established training center and recycling center with teaching and learning materials (Yes/No)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
No	No	No	Yes	Yes	Yes
Increase in enrolment and attendance by vulnerable children of childcare services through voucher mechanism (Percentage) ^{PBC}					
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Jun/2027	Jun/2029
Children of 3-5 years old enrolled in childcare representing families on record in SAS [104]/ All children of 3-5 years representing families on record in SAS [4469]. Currently 2.33%	Guidelines for Voucher Program identifying the targeting criteria, transfer mechanism, and monitoring procedure developed and enacted. Childcare Service Providers participating in the Voucher Program have received training.	% point increase over initial baseline Social Assistance Scheme (SAS) enrolment ensured by vouchers and at least 6 months attendance per a given year of 3-5 year old vulnerable children in childcare. Each % point will bring USD 78,750 PBC Target: 8%.	% point increase over initial baseline Social Assistance Scheme (SAS) enrolment ensured by vouchers and at least 6 months attendance per a given year of 3-5 year old vulnerable children in childcare. Each % point will bring USD 78,750 PBC Target: 8%.	% point increase over initial baseline Social Assistance Scheme (SAS) enrolment ensured by vouchers and at least 6 months attendance per a given year of 3-5 year old vulnerable children in childcare. Each % point will bring USD 78,750 PBC Target: 8%.	The voucher program is implemented and assessed
Increased women labor force participation in targeted project locations (Text)					
Oct/2023	Jun/2025	Jun/2026	Jun/2027	Jun/2028	Jun/2029
Baseline women labor force participation as reported by the municipalities	No increase	Increased women labor force participation	Increased women labor force participation	Increased women labor force participation	Increased women labor force participation.
Students supported with better education (Number of people)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	10,000	20,000	25,000	30,000	35,000
➤ Students supported with better education – Youth (Number of people)					



Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	10,000	20,000	25,000	30,000	35,000
➤ Students supported with better education – Female (Number of people)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	5,000	10,000	12,500	15,000	17,500
Project Management and Monitoring and Evaluation					
Percent of beneficiary community members who consider that the project implementation responded to their views (Percentage)					
Oct/2023	Jan/2025	Jan/2026	Jan/2027	Jan/2028	Jun/2029
0	80	80	80	80	80

Performance-based Conditions (PBC)

Period	Period Definition
Period 1	The first year of Project Implementation
Period 2	The second year of Project Implementation
Period 3	The third year of Project Implementation
Period 4	The fourth year of Project Implementation

Baseline	Period 1	Period 2	Period 3	Period 4
Increase in enrolment and attendance by vulnerable children of childcare services through voucher mechanism (Percentage)				
Children of 3-5 years old enrolled in childcare representing families on record in SAS [104]/ All children of 3-5 years representing families on record in SAS [4469]. Currently 2.33%	Guidelines for Voucher Program identifying the targeting criteria, transfer mechanism, and monitoring procedure developed and enacted. Childcare Service Providers participating in the Voucher Program have received training.	% point increase over initial baseline Social Assistance Scheme (SAS) enrolment ensured by vouchers and at least 6 months attendance per a given year of 3-5 year old vulnerable children in childcare. Each % point will bring USD 78,750 PBC Target: 8%.	% point increase over initial baseline Social Assistance Scheme (SAS) enrolment ensured by vouchers and at least 6 months attendance per a given year of 3-5 year old vulnerable children in childcare. Each % point will bring USD 78,750 PBC Target: 8%.	% point increase over initial baseline Social Assistance Scheme (SAS) enrolment ensured by vouchers and at least 6 months attendance per a given year of 3-5 year old vulnerable children in childcare. Each % point will bring USD 78,750 PBC Target: 8%.
0.00	110,000.00	630,000.00	630,000.00	630,000.00
PBC allocation		2,000,000.00	As a % of Total Financing Amount	100.0%



Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

Improvement of quality of early childhood development services	
Quality of services in new ECEC centers as measured by classroom observation tool (Percent)	
Description	<p>This indicator is the average of a new ECE classroom observation (TEACH ECE) tool collected at the classroom level. The observations will cover about 40 classrooms across all the new ECEC centers financed by sub-component 3.1.</p> <p>This indicator will solely focus on the group of newly created centers in Kosovo that are financed by the project. In year one of the project implementation (baseline), the indicator assumes a value of 0% as no new ECEC centers will be created at that point. At the mid-point of the project (third year of implementation), the indicator is expected to include at least 10 new centers from the total number of centers planned to be constructed by the project (20), and the target will be at least 40% of these 20 ECEC centers; the average in this sample should attain the value of at least 3 on TEACH ECE scale. Another interim data collection will be conducted in new ECEC centers in year four of the project implementation with a target of 60% of the planned 20 ECEC centers demonstrating an average quality of 3 or above. The end-line study will collect information on classroom observations in all new project-created ECEC centers. We expect that 90% of all new centers will demonstrate the average quality in TEACH ECE at 3 or above.</p> <p>The classroom observation tool - TEACH ECE - will capture quality dimensions related to Classroom Culture, Instruction, and Socioemotional Skills. The index for each classroom will be an average of these 3 components. Children will be observed at ages 3 and 5 to capture the quality of provision for younger children and children who are moving to the preschool level. A baseline study is being conducted on a representative sample in Kosovo, prior to project implementation.</p> <p>Although not part of this indicator, the classroom observation tool will also be collected in a sample of classrooms that are representative of all ECEC provision in Kosovo for comparison purposes and as part of Component 1 activities. We expect this sample to include 100 classrooms in approximately 50 ECEC centers throughout the implementation of the project. This sample is representative of all ECEC provision in Kosovo, and it is referenced as a control group. This sample size is expected to be the same (in schools and classrooms) across the project life.</p>
Frequency	<p>The indicator will be computed four times throughout the project implementation: 1. Before the project effectiveness (covering a representative sample). 2. In the third year of the project implementation (covering a baseline sample and newly created centers), 3. In the fourth year of project implementation (only in new centers), and 4. An end-line in the last year of project implementation (covering a baseline sample and all newly created centers).</p>
Data source	<p>The data used for this indicator will be the following:</p> <ul style="list-style-type: none"> - TEACH ECE treatment group will include all newly created centers under sub-component 3.1. Collected in years 3,4 and 5 of the project. - TEACH ECE in control (not part of the indicator). Collected in years 1, 3, and 5 of the project. - Data sources related to ECEC centers will be financed by sub-component 1.1 of the project. - TEACH ECE tool is collected by the trained and certified observers (training is financed by Component 1). <p>Following the baseline, the second round of observations will take place in the third year of project implementation and will include at least 50 observations in at least 10 new ECEC centers and on a baseline study sample with about 200 observations. The third round of observations will take place in the fourth year of implementation and will include at least 15 newly created ECEC Centers and at least 75 observations. The fourth round of observations will take place in the last year of the project implementation and will include at least 100 observations in at least 20 ECEC centers and on a baseline study sample with about 200 observations</p>
Methodology for Data Collection	<p>TEACH ECE observations are conducted by trained observers. The observations are double-coded for reliability purposes. More on TEACH ECE - https://www.worldbank.org/en/topic/teachers/brief/teach-ece-helping-countries-track-and-improve-teaching-quality-in-early-childhood-education</p>
Responsibility for Data Collection	MESTI
Percentage of children assessed within the National Child Development Intervention program (Percentage)	
Description	<p>This indicator will measure the share of children registered in the national MFMC system that are assessed using the monitoring instruments of the new child development intervention program</p>
Frequency	Semi-Annually
Data source	MOH



Methodology for Data Collection	National Statistical Collection
Responsibility for Data Collection	MOH
Improvement of equitable access to early childhood development services	
Increased access to ECEC services: enrollment rate for 0-6 year old (Percentage)	
Description	This indicator will measure the enrolment rate in ECEC and childcare services, it is disaggregated by age, gender, minority group, and urban/rural
Frequency	Semi-Annually
Data source	MESTI statistics
Methodology for Data Collection	National Statistical Collection
Responsibility for Data Collection	MESTI

Monitoring & Evaluation Plan: Intermediate Results Indicators by Components

Strengthening the quality of ECEC services in Kosovo	
Teachers trained and certified under the ECEC training program to comply with the teacher qualification standards (Number)	
Description	The number of trained teachers, ECEC professionals, managers, and policymakers within the capacity-building component of the project. This indicator includes training of users and operators of the new EMIS ECEC module.
Frequency	Annually
Data source	Training provider reports
Methodology for Data Collection	Centralized data collection
Responsibility for Data Collection	MESTI
Analytical reports produced using the TEACH ECE study and Child Assessments, recommendations provided, and implemented as the national policy (Number)	
Description	The analytical reports will provide data, analyze issues, and provide policy recommendations recommendations to advance the quality of ECE provision.
Frequency	Five times in project duration
Data source	TEACH ECE observations from baseline, midline, and endline rounds and child outcomes studies two times during the project duration.
Methodology for Data Collection	ECEC services observations by the trained and certified observers, child assessments as defined by the instruments selected/developed by MESTI
Responsibility for Data Collection	MESTI
Pre-service and in-service training institutions that reformed their study programs based on the new preschool curriculum, early stimulation and early diagnosis, and core ECEC competencies (Number)	
Description	The number of institutions that reformed their training programs, or introduced new programs along the topics of the project
Frequency	Annually
Data source	MESTI reports
Methodology for Data Collection	Centralized data collection
Responsibility for Data Collection	MESTI
Education statistics reported annually, based on data generated by the new ECEC module of EMIS (Yes/No)	
Description	The indicator will show if the new EMIS ECEC module is implemented and used for the preparation of the reports.
Frequency	Annually



Data source	MESTI reports
Methodology for Data Collection	Centralized data collection
Responsibility for Data Collection	MESTI
Fostering multi-sectorial integration in ECEC service delivery	
MFMC professionals trained to early stimulation as part first 1000 days program (Number) (Number)	
Description	The number of trained MFMC professionals on early stimulation and early identification within the first 1000 days program
Frequency	Annually
Data source	Training provider reports
Methodology for Data Collection	Centralized data collection
Responsibility for Data Collection	MOH
Number of ECEC institutions adopting the new guidelines for healthy nutrition (Number)	
Description	Number of preschools out of total ones that agree to the use of the new nutrition menu. Municipalities that commit to changing the supply contract for raw materials allow for the procurement of supplies needed for the new menu.
Frequency	Annual
Data source	Signed MoU. Local budget.
Methodology for Data Collection	MESTI will provide administrative reports.
Responsibility for Data Collection	MESTI
Number of children benefiting from the use of the new nutrition menu (Number)	
Description	Total number of children 0-6 of the ECEC centers that adopt the new menu
Frequency	Annual
Data source	MESTI
Methodology for Data Collection	MESTI will develop M&E tools. EMIS may allow for automatic data collection.
Responsibility for Data Collection	MESTI
Number of MFMC facilities benefitting from renovations or adaptations and equipment to implement Early Childhood Intervention program (Number)	
Description	Number of MFMC facilities that organized a special room for Early Childhood Interevention program, renovated it, and equipped with the necessary materials
Frequency	Annual
Data source	MOH
Methodology for Data Collection	MOH will provide administrative reports.
Responsibility for Data Collection	MOH
Increasing Access to ECEC Services	
Repurposed, built, and renovated ECEC facilities in Kosovo with universal design and green technology (Number)	
Description	Number of newly created, expanded, repurposed, or renovated centers with project interventions
Frequency	Annual
Data source	MESTI, Municipalities
Methodology for Data Collection	MESTI's administrative reports / EMIS may allow for tracking the data
Responsibility for Data Collection	MESTI



Number of ECEC centers supplied with equipment packages (Number)	
Description	All centers received packages of equipment withing the project
Frequency	Annual
Data source	MESTI, Municipalities
Methodology for Data Collection	MESTI's administrative reports / EMIS may allow for tracking the data
Responsibility for Data Collection	MESTI
Established a training center and recycling center with teaching and learning materials (Yes/No)	
Description	Center for storing and reusing the toys, equipment, and learning materials from kindergartens and families
Frequency	Annual
Data source	MESTI
Methodology for Data Collection	MESTI's administrative reports
Responsibility for Data Collection	MESTI
Increase in enrolment and attendance of vulnerable children in childcare services through voucher mechanism (Percentage) ^{PBC}	
Description	Vouchers awarded for ECEC providers to enroll children of 3-5 from vulnerable families using the national social assistance system
Frequency	Annual
Data source	MESTI, MOFLT
Methodology for Data Collection	MESTI reports
Responsibility for Data Collection	MESTI
Increased women labor force participation in targeted project locations (Text)	
Description	Indicator tracking the women labor force participation in the project locations.
Frequency	Annual
Data source	Municipalities, locations
Methodology for Data Collection	Survey data by MESTI
Responsibility for Data Collection	MESTI
Students supported with better education ^{CRI} (Number)	
Description	Students benefiting from all project interventions, disaggregated by gender and age
Frequency	Annual
Data source	MESTI
Methodology for Data Collection	MESTI's administrative reports / EMIS
Responsibility for Data Collection	MESTI
Project Management and Monitoring & Evaluation	
Percent of beneficiary community members who consider that the project implementation responded to their views (Percentage)	
Description	Indicator of beneficiary satisfaction and feedback from the beneficiaries
Frequency	Annual
Data source	MESTI, Municipalities
Methodology for Data Collection	Survey of beneficiaries
Responsibility for Data Collection	MESTI



Verification Protocol: Performance Based Conditions

Increase in enrolment and attendance of vulnerable children in childcare services through voucher mechanism (Percentage)	
Period 1	
Formula	Enactment of the voucher scheme guidelines will be rewarded with US\$110,000
Description	Guidelines for voucher program identifying the targeting criteria, transfer mechanism, and monitoring procedure developed and enacted in Kosovo.
Data source/ Agency	MESTI reporting on the completion
Verification Entity	Not applicable
Procedure	For period 1 the Bank team will verify the outcome. The MESTI and/or MFLT will approve and publish the administrative instructions [or regulation] on the implementation of the voucher scheme, announcing the program launch date. These guidelines shall be in form and substance satisfactory to the World Bank. MESTI submits to the Bank the PBC achievement notification and approved guidelines, regulations and administrative instructions.
Period 2-4	
Formula	Each percentage point increase will receive US\$78,750.00 allocation per year with a yearly target of 8% and yearly upper limit of US\$630,000
Description	Percentage point increase over baseline enrollment of 3-5 year-old children that are on SAS ensured by vouchers and at least 6 months attendance per a given year
Data source/ Agency	Monthly and annual statistics on enrollment and attendance of 3-5 year old children on SAS (for at least 6 months) is provided by ECEC centers participating in the voucher program. This information will be aggregated by MESTI. In addition, MESTI will report on the annual number of enrolled children from the social assistance scheme per each age group from 3 to 5. MOFLT will report the data on overall children from families receiving social assistance.
Verification Entity	Independent Verification Agency selected and appointed by MESTI
Procedure	<p>The project will establish an independent verification mechanism to validate the achievement of the annual PBC targets and confirm the voucher distribution and child attendance in compliance with the agreed guidelines.</p> <ul style="list-style-type: none"> • The verification procedures will include review and analysis of reports and evidence, verification of a random representative sample of beneficiary families, site visits and spot checks, confirming voucher distribution and child attendance. (At least 10 percent of the benefiting families). • The third-party verification agency will verify the eligibility of service providers, enrollment and attendance of the target children by at least six months, and their eligibility per the social assistance scheme. • MESTI will report based on ECEC centers reporting (with monthly progress of child development and spot checks by the local communities) and shares the report with the VA and the Bank. • VA prepares the verification report at the end of the academic year and shares it for MESTI and WB review. • MESTI submits the PBC achievement notification to the Bank accompanied by the final verification report. • The WB has the right to request additional information or verification conducted by the MESTI.

MESTI has identified the following agencies as potential candidates to serve a role of verification agent for PBC (based on a competitive selection process according to the procurement regulations of the project):

1. KOMF - Coalition of NGOs for Child Protection in Kosovo – KOMF, established in June 2011, is a coalition composed of 29 local and international NGOs working in the child protection field, with the joint mission to advocate and protect the rights of children in Kosovo.
2. SOS Fshatrat - The SOS Children's Villages Foundation is a non-governmental social care organization dedicated to supporting abandoned and needy children regardless of ethnicity, nationality and religious belief.
3. AMC - Action for Mothers and Children. Action for Mothers and Children (AMC) was established in 2009 as a Foundation for Healthy Mothers and Babies and has grown into Action for Mothers and Children since 2013.
4. Terre des Hommes Kosovo - Terre des hommes Mission in Kosovo is a non-profit making organization that has been operating for over 20 years in the field of child rights and child protection, leading the establishment and strengthening of a national child protection system in Kosovo.
5. The Faculty of Education - University of Pristina - The Faculty of Education was established in 2002 to offer study programs for the preparation of preschool educators and primary and lower secondary level teachers as a continuation of



the tradition of the four Higher Pedagogical Schools (SHLP) that operated until that time in Pristina, Prizren, Gjakova and Gjilan.

These agencies are experienced in working with communities and reaching out to vulnerable populations, they also have capabilities to conduct studies and surveys to fulfil the role of verification agent.



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Republic of Kosovo

Early Childhood Education and Care for Kosovo's Human Capital Project

1. The project will be implemented directly by the MESTI with support from MOH as described in the main section (paragraph 53) of this document. Figures A1.1 and A1.2 illustrate the project governance structure and intersectoral coordination.

Figure A1.1: Project Governance Structure

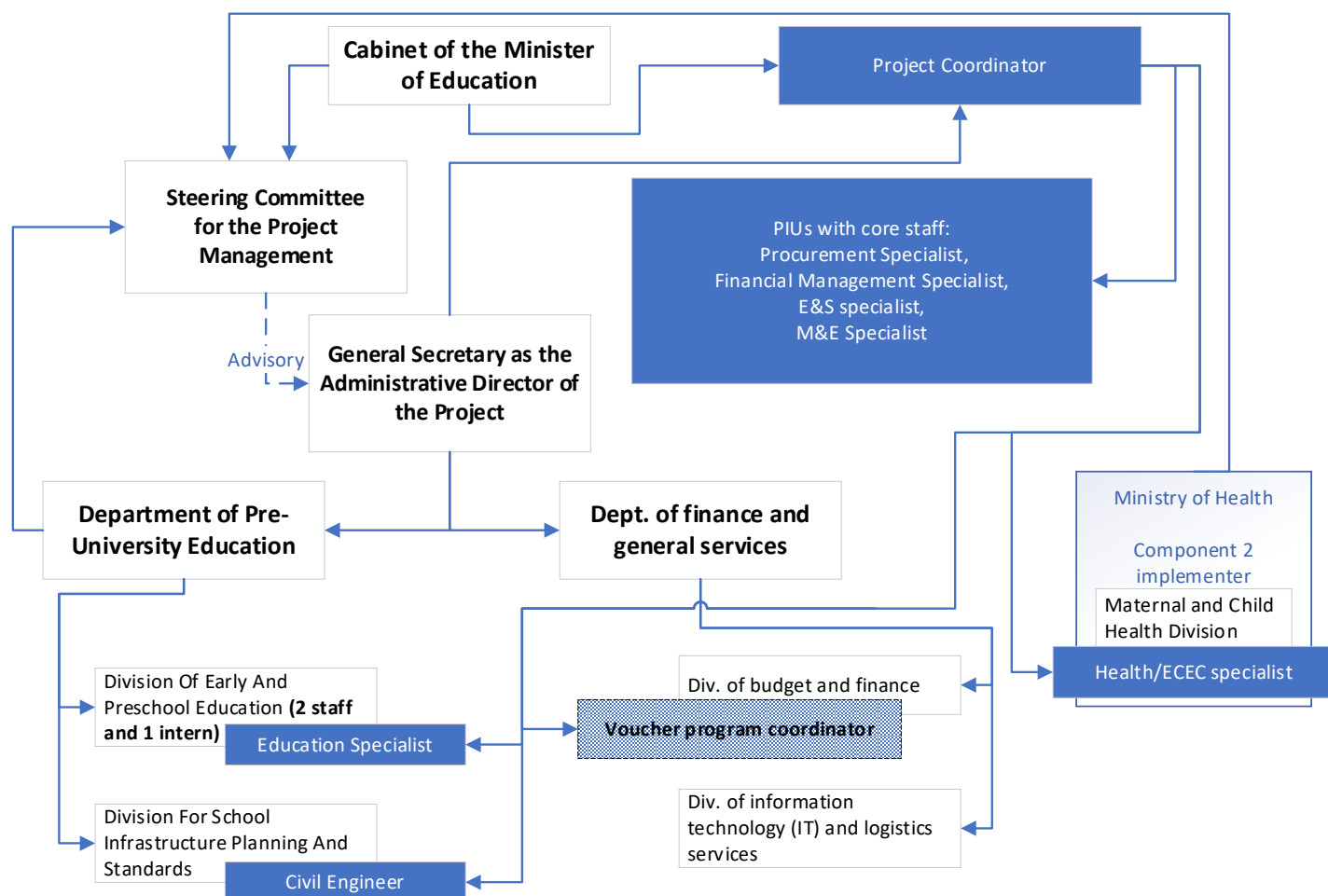
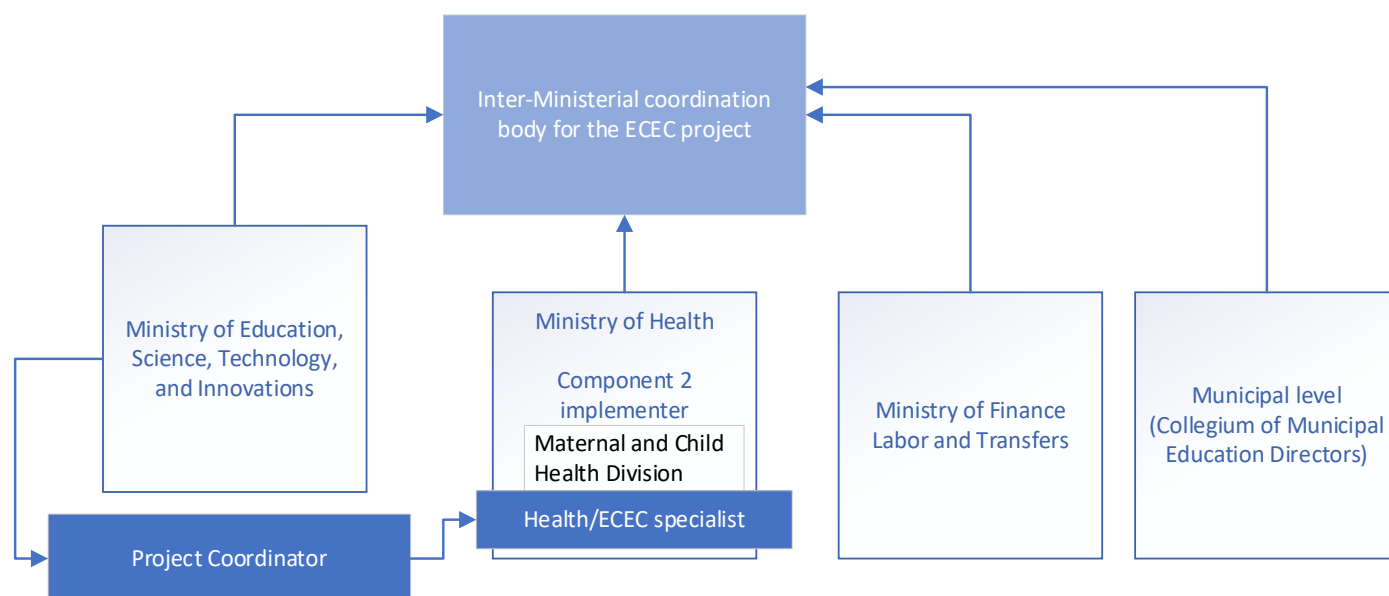




Figure A1.2: Project Inter-ministerial coordination



2. The project will work with different state and public entities beyond the education sector: local authorities, and communities at the district level. Table A1.1 presents the implementation responsibilities of the MESTI’s structures by components and the key agencies beyond the education sector involved in project implementation.

Table A1.1. Implementation responsibilities by components

#	Component	Coordinating Unit	Implementing Units	Other structures involved	Technical Assistance / Contractors
C1	Strengthening the quality of ECEC services				
SC1.1	Assessment of ECEC quality in Kosovo and regulatory updates	Division Of Early and Preschool Education;	MESTI	MOH, MOFLT, UNICEF, EU-IPA	
SC1.2	Capacity building of ECEC professionals	Division of Early and Preschool Education	MESTI	MOH, UNICEF, Universities, UNICEF, EU-IPA	Teacher training Faculties in Kosovo Universities
SC1.3	Implementation of ECE module for the EMIS in Kosovo and general overhaul of the core EMIS system	Division for School Infrastructure Planning and Standards	MESTI	MOH, MOFLT for interoperability implementation; ASHI for government integration	
C2	Fostering multi-sectoral integration in ECEC service delivery				
SC2.1	Early stimulation and promoting healthy nutrition	Maternal and Child Health Division	MOH	MESTI, UNICEF	



SC2.2	Child monitoring and cross-sectoral integration of services	Maternal and Child Health Division	MOH	MESTI, UNICEF	
C3	Increasing equitable access to ECEC services				
SC3.1	Green repurposing, building, and renovating the preschool and ECEC facilities in Kosovo	Division for School Infrastructure Planning and Standards; Division of Early and Preschool Education	MESTI	EU-IPA	
SC3.2	Equipment of ECEC centers with new furniture and learning materials	Division for School Infrastructure Planning and Standards; Division of Early and Preschool Education	MESTI	EU-IPA	
SC3.3	Support for demand-side interventions	Division of Early and Preschool Education	MESTI, MOFLT	Municipalities, Providers of voucher program	Independent Verification Agency

Table A1.2: Implementation Support Plan Period

Period	Focus	Skills needed	Staff weeks (annual)
Years 1-2	Overall technical and operational support	Task Team Leaders	20
		Operations Officer	
	Development of the new legislation, reforms of the quality assurance	Education Specialist	4
	Implementation of nutrition and early identification programs	Health/HD specialist	2
	Plans, implementation and monitoring for preschool infrastructure	Architect/Engineer	2
	TEACH ECE observations, surveys	Senior Education Specialist	2
	Financial Management	Financial Management Specialist	2
	Procurement	Procurement Specialist	2
	Environmental risk management	Environmental Specialist	2
Social risk management	Social Specialist	2	
Years 3-6	Overall technical and operational support	Task Team Leaders	20
		Operations Officer	
	Development of the new legislation, reforms of the quality assurance	Education Specialist	2
Implementation of nutrition and early identification programs	Health/HD Specialist	4	



Plans, implementation and monitoring for preschool infrastructure	Architect/Engineer	2
Financial Management	Financial Management Specialist	2
Procurement	Procurement Specialist	2
Environmental risk management	Environmental Specialist	2
Social risk management	Social Specialist	2

Financial Management

3. **Country issues.** The project will rely extensively on the various elements of Kosovo’s PFM systems: planning and budgeting, internal control, flow of funds and payments, accounting and reporting, and external audit. Latest PFM reviews⁵³ have plotted the remarkable progress Kosovo has made in improving its PFM. The key strengths of the system are the sound legal framework, the integrated central treasury system, a budget classification system that is consistent with international standards, and an increasingly effective external audit office. The strengths of the system are offset by limited professional and technical capacities across budget organizations and gaps in implementation. Despite progress, several elements have room for further improvement. These include improving the quality and coordination for budget planning for capital investments, strengthening control framework, improving quality of internal audits, and enhancing capital investment management.

4. **FM capacity.** Project FM is the responsibility of the MESTI’s Finance and Budget Department. The department staff and respective roles are established the PFM legislation in place. In prior projects, this unit was supported by an external FM Specialist (FMS), to address increased workload on existing staff time and skills gap. Similar arrangements will be adopted for the proposed operation as the same gaps are noted. Hiring of the key experts will be a dated covenant.

5. **Planning and budgeting.** In general, the mechanisms for budgeting and release of funds in budget organizations are considered adequate for the needs of the proposed project. Project budgets would be based on annual project workplans compiled by technical departments and approved by project management. MESTI is required to implement an effective and documented project planning, procurement planning and contract monitoring process. These budgets would form the basis for allocating funds to project activities and, after expenditures are paid, for requesting reimbursement from the Bank. Usually, in the Annual Budget Law (ABL), the project expenditure will be provided under foreign finance source code for (i) goods, non-consulting services, works fall under capital expenditure, (ii) consultant services, training and operating costs fall under goods and services budget category, and (iii) vouchers under subsidies. Vouchers will be transferred directly to ECEC centers pursuant to the guideline provisions and based on actual enrollment. For public ECEC, the funds will be transferred to the center revenue subaccount in Treasury. Annual budgetary ceilings imposed on MESTI programs, may limit the project resources to be included in the MESTI budget, especially for those items that are not regulated by the investment clause. To mitigate the risk pertaining to insufficient or untimely, MESTI management, should proactively steer the project planning process, ensure realistic forecasts are produced and included in the medium-term expenditure framework and the ABL, beginning in the year the project is expected to become effective. In addition, the Bank team will review the annual work plan and follow up on budget formulation process.

⁵³ Kosovo has participated in a number of detailed reviews of its PFM systems, such as several Central Government and municipal Public Expenditure and Financial Accountability assessments, annual reviews, and other analyses by the World Bank and International Monetary Fund.



6. **Accounting and financial reports.** The MESTI will maintain project financial records (budget appropriations, allocations, commitments, and actual expenditure) following the Kosovo Financial Management Information System (KFMIS) Chart of Accounts and identified by the unique project code. KFMIS can generate project reports by the nature of expenditure, institution, source of fund and program. The drawback is that existing KFMIS reporting arrangements cannot track project expenditure by activity and does not consolidate expenditure incurred at different institutions. The FM Specialist will maintain spreadsheet-based contract monitoring financial data, that will be cross-checked periodically with KFMIS. The consolidated IFRs will be submitted on a quarterly basis to the Bank within 45 days after the end of each quarter. The FMS will be responsible for the preparation of the project's periodic financial reports annual financial statements based on the financial information registered in the KFMIS. The IFRs will contain at least the following: (i) statement of sources and uses of funds (with expenditure classified by disbursement category), (ii) statements of sources and uses of funds (with expenditure classified by component/ activity), (iii) contract monitoring, and (iv) KFMIS budget execution reports. Annual project financial statements would be prepared based on International Public Sector Accounting Standards cash basis. The financial statements would cover the government's fiscal year. The first financial reporting period will be determined by the time when payments for eligible expenditure will initiate. The functional and reporting currency is EUR.

7. **Internal control.** For the proposed operation, MESTI is committed to maintain an effective internal control system, which will be strengthened with additional control activities and procedures depicted in POM, the guideline for the Voucher scheme, which will be prepared by MESTI with project support. The existing system ensures to a certain extent that project expenditures are properly verified and authorized; supporting documents are maintained; accounts are reconciled periodically; and project assets, including cash, are safeguarded. However, recent audit reports indicate that the compliance with the financial rules is not consistent, and therefore FM and accounting controls not fully effective.⁵⁴ Besides, the introduction of pilot voucher program, would require full-fledged guidelines in place, intensive stakeholder communication and capacity building to address weak capacity and institutional coordination and provide clarity on the roles and responsibilities. The POM (effectiveness condition) will include among other things: (i) the organization of the FM, functions, staffing and respective roles and responsibilities; (ii) the necessary templates for recording, monitoring, and reporting various transactions; (iii) internal controls; (iv) disbursement procedures; (v) project planning and budgeting procedures; and (vi) project reporting and auditing. The Guidelines for voucher program (PBC) will describe the targeting criteria, payment eligibility, reporting, payment arrangements and monitoring procedure.

8. **Audit.** The project's financial statements, as described above, would be audited annually by Kosovo's National Audit Office, under terms of reference acceptable to the Bank. In case the National Audit Office would withdraw from engagement, the audits of the project financial statements would be conducted by private auditors acceptable to the Bank and the audit fees would be financed from project resources. The audit scope will be extended to include implementation of voucher scheme at local level and service providers. The annual audited PFS, together with the Management Letter, will be submitted to the World Bank no later than six months after the end of each fiscal (calendar) year.

9. **FM implementation support and supervision plan.** The World Bank team will supervise the project's FM arrangements by: (a) reviewing the project's IFRs and the annual audited financial statements and auditor's management recommendation letters, and (b) performing on-site supervision combined with virtual reviews at a frequency based on the project's risk and performance. As with technical oversight and support, the World Bank fiduciary team will provide intense support at two points during project implementation: during the first year of implementation and at midterm.

10. **Disbursement.** Disbursements under the proposed project will be carried out in line with the World Bank Disbursement Guidelines. Each source of financing, i.e. IDA financing and ELP Recipient Executed Grant, will finance

⁵⁴ MESTI Regularity audit report issued by National Audit Office for the year 2022.



different project activities, identified separately in the procurement plan and IFRs. The project funds will be disbursed based on quarterly IFRs, though (i) traditional IPF disbursement methods for all project components, except part 3.3(ii), and (ii) PBCs based disbursement for part 3.3(ii). The eligible expenditures for the part 3.3 (ii) will be reimbursed upon evidence of achievement of PBCs. In this regard, upon submission of satisfactory evidence pursuant to the agreed verification protocol, the World Bank confirm officially the achievement of the PBCs. The project expenditure pertaining to the PBCs are financed wholly by ELP Grant and pertain to procurable expenditure, training, incremental operating cost, and voucher payments under the part 3.3(ii).

11. **Funds flow.** The Government of Kosovo's preferred method of disbursement is reimbursement of funds pre-financed from the government budget to finance project expenditures. The advance and designated accounts may be used for the proposed operation, on the Treasury discretion. In that case, two DA denominated in EUR, one for each source, will be opened and maintained in the Central Bank of Kosovo, as a subaccount linked to the Single Treasury Account. The advanced funds will be based on 6-months spending forecast, will be earmarked for the proposed operation. MESTI will initiate requests for disbursement. For the ELP grant, disbursements to DA under categories subject to PBCs are provisional, which means a refund will be due to the Bank if the PBC is not met, even if the expenditures have been incurred. The disbursement procedures, including paths for authorization of withdrawals, will be described in detail in the FM section of the POM. Authorized signatories will consist of the MOFLT and MESTI officials. A detailed DFIL explaining all arrangements will be issued and will include the minimum application size for withdrawal applications, the ceiling of the DA balance, documentation requirements, and the frequency of application. The DA ceiling and minimum amount for direct payments will be flexible enough to allow for quick emergency payments. In case of indirect engagement of UN agencies, the UN agencies may submit withdrawal applications, if specified in standard agreement between UN agency and the Recipient. In addition, the agreement will specify the UN agency financial reporting requirements. More specifics on the funds flow are depicted in the budget section.

12. **Supporting documentation requirements for disbursement.** The World Bank will require either copies of the original documents evidencing eligible expenditures ('records') or unaudited IFRs, as specified in the Disbursement Letter. The use of the advances would be documented by quarterly financial reports, i.e. the project would use IFRs instead of a detailed statement of expenditures (SOE). Should the Bank determine at any time that the IFRs are not adequate to support the disbursement process, it reserves the right to revert to the traditional disbursement methodology (SOEs, summary sheets etc.). Withdrawal applications would be sent to the Bank every three months, same as the frequency of the IFRs. However, for Direct Payments records would be required, consisting of documents such as invoices and receipts. In all cases MESTI is required to maintain original documents evidencing eligible expenditures and making them available for audit or inspection. These documents should be maintained for at least two years after receipt by IDA of the audit report and for a period required by local legislation.



ANNEX 2: Collaboration between the World Bank and EU-IPA interventions

1. This section summarizes the arrangements reached between the MESTI, EU, and the World Bank on implementation of the ECEC interventions in Kosovo that coincide in terms of planned implementation timeframe and thematic areas covered. The purpose of this section is to provide clarity on what each intervention will be doing, how they are linked, and how this project would respond in the event the EU-IPA operation is delayed.

2. The EU-IPA operation in Kosovo for 2024-2030 will provide financing in the amount of EUR6.5 million (EUR5 million for construction, and US\$1.5 million on training and TA), and will cover access and quality interventions in early childhood education (ECE).

Table A2.1. Complementarity between the EU-IPA intervention and the World Bank Project

Outputs of EU-IPA	Activities of EU-IPA	World Bank
Output 1.1: Expanding and improving existing educational infrastructure and learning environments	Constructing 3 new preschool facilities.	Activities of SC 1.1 and SC 3.1
	Equipping ECE facilities with 150 learning corners.	Activities of SC 1.1 and SC 3.2
	Adapting and equipping indoor and/or outdoor learning corners/spaces in public preschool facilities (hosting children 0-6 years old), and in school facilities, which have pre-primary classes for children 5-6 years old.	Activities of SC 3.1, targeted at the ages of 0-5.
Output 1.2: National level roll out and implementation of the new gender-transformative core curriculum for ECE	Capacity building of trainers to support curriculum rollout, training of 2,500 professionals in early childhood education.	Activities of SC 1.2 and 2.1. This EU-IPA intervention is critical for building the National ECEC Quality framework and National CPD framework for teachers.
	Development of the standardized and professional guiding manual for learning corners providing structural and pedagogical guidance on the corner's design.	Activities of SC 1.1 on infrastructure standards and standards for TLM.
	Core Curriculum trainers will be engaged to conduct mentoring and support for proper implementation of the core curriculum for ECE for professionals in preschools and pre-primary classes.	Activities of SC 1.1 and SC 1.2. This EU-IPA intervention is critical for building the National CPD framework for teachers.
Output 1.3: Developing and implementing the quality framework for process and outcome quality monitoring and evaluation in ECE	Defining Objectives and Standards for ECE institutions (curriculum, teacher qualifications, health and safety practices, facilities, child-to-teacher ratios, and overall learning outcomes).	Activities of SC 1.1. This EU-IPA intervention is critical for building the National ECEC Quality framework.
	Designing the institutional Assessment Framework outlining the processes and tools used to evaluate the quality of ECE institutions.	
	Capacity building training of 2,500 ECE professionals, directors of institutions, municipal authorities, inspectors, and parents on the applicable standards and regulations developed.	Activities of SC 1.1 and SC 1.2. This EU-IPA intervention is critical for building the National



	Piloting of the internal and external evaluation systems and tools in 12 preschools or all types of ownership and location	ECEC Quality framework and National CPD framework for teachers.
	A nationwide rollout and implementation of the institutional monitoring and quality performance assessment is planned.	
Output 1.4: Awareness raising at local and national level regarding the importance of attending early childhood education programmes and empowerment of parents/caregivers	Support awareness building and demand generation for expanded availability of ECEC services.	Activities of SC 2.1, SC 2.2, and C4.
	Additional targeted support for vulnerable families through specific content developed to support parents and caregivers	
	Parents across Kosovo will be supported through the enhanced Parenting App (Foleja), which can provide more customizable/personalized support for parents’ needs.	
	In addition to the activity above, the project will entail national level awareness building campaign on the importance of ECE.	

3. Based on a series of conversations, the MESTI, EU, and World Bank agreed to coordinate and collaborate in the following areas of engagement: (i) Quality standards and quality assurance, (ii) Professional training and policies, (iii) Health, nutrition, and child monitoring, and (iv) Learning environments, equipment and TLM.

4. The project will develop the overarching ECEC Quality framework that will define the necessary quality elements across the four areas mentioned above. For the quality standards and quality assurance area the World Bank project will support: (i) the assessment and observation framework development and conducting child assessments and observations, and (ii) technical assistance on ECE sub-legal acts improvement and implementation. The EU-IPA will develop: (i) the system of institutional quality assurance, and (ii) institutional quality standards. All these activities will be informed by the national ECE Law. In the area of professional training and policies the Bank project will develop the teacher’s continuous professional development framework and train, retrain, and requalify ECEC teachers as well as train the MFMC professionals. The EU-IPA will roll out the national ECE curriculum by training teachers. Both activities will be based on the national ECE curriculum. In the area of learning environments and equipment both projects will add to the expansion of ECEC centers and equipping them, while the Bank will also support the guidelines and blueprints for new ECEC centers, TLM standards, and equipment standards. In the area of health and nutrition the Bank and EU -IPA will have communication activities that promote importance of ECEC and generate demand in case of EU-IPA and promote nutrition, breastfeeding and targeted outreach to most vulnerable in case of the Bank.

5. The areas of collaboration create synergies between the two operations and ensure complementarity of both. At the same time, there are two areas in which the two operations are critically dependent on each other: i) an institutional quality assurance system with its implementation and related training, and ii) teacher training for the ECE curriculum rollout. The MESTI, EU, and the World Bank agreed to create a mechanism to ensure these activities are implemented as planned.

6. It was confirmed that all the developments of Sub-Component 1.1 of this project would be taken into account by the EU-financed operation when the Institutional ECE Quality Assurance System will be developed, piloted, and rolled out. Therefore, the ECE Quality Assurance System and its instruments will be based on: the ECE law, ECE curriculum, national ECEC quality framework, ECE quality observation and assessment framework, learning environment guidelines, blueprints, and standards for TLM, as well as the tools for child monitoring and early identification.



7. Similarly, creating the national framework for ECE teachers' continuous professional development and teacher professional standards will rely on collaboration between the World Bank and the EU-financed projects. This project will contribute to the training modules on the ECEC quality framework, learning environments and TLM, quality observations and child outcomes monitoring, and child development monitoring and early identification. The EU program will support the development of modules for curriculum training and an ECE Quality Assurance System.

8. In the event approval and implementation of the EU-IPA project is delayed by more than 12 months after this project is effective, the World Bank and the government will consider restructuring this project to ensure the aforementioned, critically dependent activities can be implemented by adding select activities planned with EU-financing to this project.

9. Other areas mentioned in paragraph 4 above are not critical for the quality reforms in Kosovo, but they create synergies, and both teams will be working together on fostering those collaborations. At the government level, this project will support the inter-ministerial coordination council, which will also include a donor coordination role.

ANNEX 3: Economic and Financial Analysis

1. This annex summarizes the results of the economic and financial analysis carried out to underline the potential economic gains to the society that could be sought through the project.

Development Impact in Terms of Expected Benefits and Costs

2. **The proposed project aims to improve access to and quality of preschool services in Kosovo.** The project is likely to yield positive results on the education quality in the medium run as it (a) targets an area of intervention, pre-primary education, that is critical for long-term school performance, as measured by standardized assessment⁵⁵; (b) supports and complements the government's reforms in this area^{56,57,58}; and (c) provides instrumental additional funding to support both cost-effective and well-targeted ECEC programs.

Rationale for Public Sector Provisioning and Financing

3. **The rationale for the public sector provision and financing for the improvement of access to and quality of early childhood education is strong.** First, investing early in the education cycle is efficient since waiting to invest in human capital until adulthood is more expensive.⁵⁹ Second, investing in preprimary education has been empirically linked to productivity gains, as children who participate in quality ECEC programs repeat fewer grades and make better progress through school compared to non-participants. Third, ECEC programs benefit the society by lowering financial burden for the government and families. Lastly, ECEC investment reduces public welfare expenditures because participants and their families have lower rates of welfare usage. Kosovar students in grade 4 with three or more years of preschool education scored 30 test points higher compared to their peers with no ECEC experience, which is equivalent to one year of schooling.

⁵⁵ Woessmann, L. (2016), "The importance of school systems: Evidence from international differences in student achievement", The Journal of Economic Perspectives, Vol. 30/3, pp. 3-31, <http://dx.doi.org/10.1257/jep.30.3.3>.

⁵⁶ Aghion P, Boustan L, Hoxby C, Vandenbussche J. The Causal Impact of Education on Economic Growth: Evidence from U.S. 2009. // Retrieved from: https://scholar.harvard.edu/sites/scholar.harvard.edu/files/aghion/files/causal_impact_of_education.pdf

⁵⁷ Hanushek, E. A., & Woessmann, L. 2015. The Knowledge Capital of Nations: Education and the Economics of Growth. Cambridge, MA: MIT Press

⁵⁸ Balart, Pau & Oosterveen, Matthijs & Webbink, Dinand, 2018. "Test scores, noncognitive skills and economic growth." Economics of Education Review, Elsevier, vol. 63(C), pages 134-153.

⁵⁹ Heckman, James, Rodrigo Pinto, and Peter Savelyev. 2013. "Understanding the Mechanisms through Which an Influential Early Childhood Program Boosted Adult Outcomes." American Economic Review, 103 (6): 2052-86.



Value Added of World Bank Support

4. **The project will build on analytical foundations and lessons learned from previous World Bank projects in the ECEC area in the ECA region.** Among development partners engaged in the sector, the World Bank has provided strategic leadership in policy dialogue with a focus on education quality, access, and good governance. The World Bank has gained valuable experience through the implementation of projects in the education sector, including at the pre-primary level in Kosovo. This continued engagement has provided many lessons about the implementation environments and challenges.

Methodology and Scope of the Economic Analysis

5. **The Economic Analysis includes both an Internal Rate of Return (IRR) and a Cost-Benefit Analysis.** Project costs are used to estimate the Net Present Value (NPV) of the project and break even estimates, sensitivity analysis of the model and IRR on the investment. The analysis is based on the estimated benefits from future earnings attributable to an improved and more efficient education by calculating the number of beneficiaries per intervention and component, and the expected size of the benefits received. The analysis includes sensitivity tests that indicate if the IRR and cost-benefit ratio are robust to changes in parameters and the loosening of the assumptions indicated above. The sensitivity analysis tests the IRR and the cost-benefit analysis in all scenarios.

6. The Economic Analysis is therefore restricted to the quantifiable economic impact and benefits. These comprise (a) impact on socio-emotional development and health outcomes and resulting internal efficiency gains and cost savings such as government budget savings due to the reduction of inefficient expenditures on students that repeat grades and drop out from school; and (b) impact on student retention and learning and resulting external efficiency gains from direct private returns to schooling. In addition, the analysis considers the positive impact of improved access to preschool education on probability of mothers to engage into paid activities on the labor market.

Impact on Efficiency Estimates and Cost-Benefit Analysis

7. The main goal of the project is to improve access to and quality of early childhood development services in Kosovo. The expected positive outcomes include (i) improved nutrition and health outcomes, (ii) higher retention rates and learning outcomes in primary and secondary school, (iii) better labor market outcomes. To quantify the project benefits, the Economic Analysis considers (1) improvements in Expected Years of Schooling for children that will be enrolled in new or improved preprimary institutions, (2) improvements in learning outcome since students with ECEC learning experience score higher on standardized tests as discussed earlier, and (3) improvements in health outcomes due to better nutrition and its positive impact on learning outcomes and internal efficiency (repetition and dropout rates). In addition, the analysis considers the possibility of mothers, whose children will be enrolled in the project-supported preschool institutions, to (re)enter the labor market and start earning wages.

8. Beneficiaries of this project include around 3,800 boys and girls and 1500 teachers and ECEC professionals who would benefit from renovations and construction of new kindergartens and training and capacity building activities. Direct project beneficiaries would also include families and community members.

Impact on Internal Efficiency

9. A growing body of research indicates that early childcare and education may lead to improvements in short- and long-term health-related outcomes for children. Research suggests that participation in quality ECEC programs can directly improve children's physical and mental health. In addition, ECEC programs can increase children's cognitive and social-emotional skills in the short-term, which can also lead to improved health.



10. Since children who participate in quality ECEC programs have better health outcomes (i.e., get sick less and attend school more often), and therefore repeat fewer grades, the proposed Project is likely to help reduce government spending on primary and secondary education due to decreased number of students repeating grades and dropping out from school. According to survey data,⁶⁰ 1.3 percent of primary students and 3.0 percent of lower secondary students either repeat a class or drop out from school each year (2.1 percent in basic education). A study⁶¹ found that children in the US who attended a preschool in the year prior to kindergarten were 27 percent less likely to repeat grade in basic education.

11. By employing the latest available data on government spending per student in primary education⁶² of Kosovo and combining it with different assumptions on improvements in repetition and dropout rates, we utilize three scenarios to estimate the possible impact of the Project on Internal Efficiency in the education sector in the form of reduced government spending (see table A3.1).

Table A3.1. Estimated benefits of the project

	Baseline	Scenario 1 'high'	Scenario 2 'moderate'	Scenario 3 'low'
Assumptions:				
1) Reduction in repetition rates in basic education (percentage points)	0	1.0	1.5	2.0
Estimates:				
Repetition rates in basic education (percentage)	2.10%	1.10%	0.60%	0.10%
Reduction in inefficient government expenditures* (million US\$)	n/a	\$0.78	\$1.17	\$1.56

Impact on External Efficiency

12. Private returns to education are high in the ECA region. Globally education brings a return of about 9-10 percent, which means that every year of learning generates about a 10 percent increase in earnings annually.⁶³ In common with the findings for most countries in ECA, the returns to schooling for women in Kosovo are higher at 11 percent for each additional year spent in school compared to 8 percent for men.⁶⁴ Combining different assumptions, the economic analysis utilizes the following three scenarios:

- Scenario 1 'high': children in project-supported ECEC centers will benefit from 3 years of learning and care (meaning that their Expected Years of Schooling will increase by 3 years), and their learning outcomes will increase by 1 year of schooling compared to their peers with no preschool experience. In addition, 60 percent of unemployed mothers will (re)enter the labor market.
- Scenario 2 'moderate': children in project-supported ECEC centers will benefit from 2 years of learning and care (meaning that their Expected Years of Schooling will increase by 2 years), and their learning outcomes will increase by 0.5 year of schooling compared to their peers with no preschool experience. In addition, 40 percent of unemployed mothers will (re)enter the labor market.
- Scenario 3 'low': children in project-supported ECEC centers will benefit from 1 year of learning and care (meaning that their Expected Years of Schooling will increase by 3 years), but their learning outcomes will not increase compared to their peers with no preschool experience. In addition, 20 percent of unemployed mothers will (re)enter the labor market.

13. **Costs** are equivalent to the total cost of the project, which will disburse US\$20 million inclusive of Grant Agent supervision fees over a period of 5 years.

⁶⁰ UNICEF MICS for Kosovo 2020.

⁶¹ Miller, L.C., D. Bassok (2019). The Effects of Universal Preschool on Grade Retention, Education Finance and Policy, MIT Press, vol. 14(2), pages 149-177, Spring.

⁶² According to UNICEF, public expenditure in primary education was equivalent to 1.3 percent of GDP in 2014. The cost per pupil was €522 which represent 17.1 percent of per pupil expenditure as percentage of per capita income. Source: UNICEF (2015). Public Expenditure on Primary Education in Kosovo. [Link](#).

⁶³ World Bank (2023). 50 years after landmark study, returns to education remain strong. Harry Partinos. World Bank Blog. // [Link](#).

⁶⁴ Gashi, A. and Adnett, N.J. (2022), "Estimating the returns to education in a chronically depressed labour market: the case of Kosovo", International Journal of Development Issues, Vol. 21 No. 3, pp. 321-335. [Link](#).



14. **Other assumptions** employed under the Economic Analysis are (i) project beneficiaries would join the labor market the year after graduating from school or university, i.e. in 20 years, and will work for 45 years; (ii) the unemployment rate for the labor force is reported by the International Labor Organization (ILO) and Adult Survival Rate is collected from the HCI database; (iii) mean monthly earnings of employees (in 2011 PPP \$) are gathered from the ILO; (iv) returns to one additional year of education is 10 percent; and (v) the discount rate used to calculate the present value of costs and benefits is 6.0 percent.

Results

15. **The economic analysis confirms the economic rationale of the project**, with NPV ranging from US\$46.0 million to US\$185.3 million and the IRR between 15.2 percent and 29.4 percent. The table below (table A3.2) provides the economic evaluation under the three different scenarios considered. However, it is essential to emphasize that they do not exhaust all the possibilities under the uncertainty of economic and financial crises, including cascading income shocks as the result of the COVID-19 pandemic and food price inflation.

Table A3.2. Estimated benefits of the project

	Baseline	Scenario 1 'high'	Scenario 2 'moderate'	Scenario 3 'low'
Assumptions:				
1) Years spent in new kindergartens (number)	0	1	2	3
2) Improvement in Harmonized Learning Outcomes (% of learning gains during one school year for every year spent in KG)	NA	25%	50%	100%
3) Unemployed mothers will join the labor market	NA	20%	40%	60%
4) Reduction in repetition rates in basic education (percentage points)	0	1.0	1.5	2
Estimates:				
Harmonized Learning Outcomes	374	381	404	464
Expected Years of Schooling (EYRS)	13.2	14.2	15.2	16.2
Learning-Adjusted Years of Schooling (LAYS)	7.9	8.6	9.8	12.0
Average annual earning per student (2011 PPP \$)*	14,178	15,267	16,905	20,022
Annual earning premium per student (2011 PPP \$)	NA	\$1,088	\$2,727	\$5,843
Project benefits, PV of earning premium of project beneficiaries** and reduction in inefficient government expenditures, million US\$	NA	\$66.8	\$134.5	\$206.9
Project cost, million US\$	NA	\$20.00	\$20.00	\$20.00
Project NPV, million US\$	NA	\$46.0	\$113.3	\$185.3
Internal Rate of Return	NA	15.2%	23.3%	29.4%

Source: Authors' estimations. Notes. (*) Mean monthly earnings of employees in 2011 PPP \$ from ILO. Assumes returns to education of 10%. (**) Present value calculations have the following \+additional assumptions: Years of working life = 45 years; Discount rate = 6%; The total enrollment number is adjusted with the adult survival rate from the Human Capital Index, 2018 database; It takes 20 years for the project beneficiaries to enter the labor market; and average human capital utilization as per Pennings (2020).⁶⁵

⁶⁵ Pennings, S. (2020). "The Utilization-adjusted Human Capital Index (UHCI)". World Bank Policy Research Working Paper, No. 9375. Washington, DC: World Bank.



ANNEX 4: Climate Co-Benefits

Table A4.1: Climate Adaptation and Mitigation Activities Financed by the Project

<p>Sub-component 1.1: ECEC regulatory updates and development of the new ECEC quality and monitoring frameworks (US\$0.59m)</p> <p><i>Updating regulatory frameworks</i></p> <p>Adaptation: The updated framework will incorporate requirements for:</p> <ul style="list-style-type: none"> • use of climate risk assessments for ECEC facility buildings to inform design, construction and relevant decision making in the conditions or events that may cause harm, injury, or loss of service over the life of the building; • new constructions on sites not prone to severe climate-induced events, such as flooding; • design measures in buildings to include, as needed, drainage improvement for flood control, rainwater harvesting and recycling in water-scarce areas, temperature/heating/conditioning control, and air quality control; • newly constructed buildings (design, quality of engineering, and materials) to comply with resilience to potential weather-related disasters (heavy rains and winds, flooding, and extreme hot temperatures); • operational and maintenance of buildings and equipment procedures are aimed at reducing observed climate risks; • procedures updated to ensure quality assurance and enforcement of the updated regulatory framework. <p>Mitigation: The updated framework will incorporate requirements for:</p> <ul style="list-style-type: none"> • energy efficiency measures, including: replacing old windows with new energy-efficient glazing; installing thermal insulation into exterior walls and roofs; installing automatic controls for heating and efficient lighting systems; outfitting buildings with an autonomous systems of power supply from alternative energy sources; and use of natural light and air flow to minimize the need to artificially manage the temperature in buildings. • appliances and technology systems of infrastructure will use climate-friendly green design elements to reduce carbon emissions and be more resilient to potential climate change risks such as floods and high temperatures. • use of low-carbon and climate-resilient materials, which will be durable and adequate in the face of climate risks.
<p>Sub-component 1.2: Capacity building of ECEC professionals (US\$0.65m)</p> <p><i>Capacity building on the updated framework</i></p> <p>Adaptation: Training for relevant government staff and ECEC professionals will include aspects of adaption to climate-change, as captured in the updated framework, and practical guidance on how to utilize it in ECEC facilities, including development of facility-level responses to climate-related hazards and risks in building design, curricula and daily operations, inspections of facilities for adherence to the new climate related design standards, and support for operations and maintenance of buildings and equipment, which reduce climate-induced risks.</p> <p>Mitigation: Training program for government staff and ECEC professionals on the new framework would include content on climate change mitigation, building the knowledge and capacity of how they can reduce these impacts through school building and equipment improvements, as well as other actions in their facilities and the broader community. Curricula for ECEC professionals will be updated to reflect utilization of the greening potential of modernized facilities, energy efficiency operations and maintenance, education about growing climate change issues, changing patterns of rain, floods and heatwaves, energy conservation techniques, emergency responses to extreme events. New curricular content could include information on how individuals and societies can reduce their carbon footprint and emissions of greenhouse gases through the use of water conservation, renewable energy, and environmental engineering and technology.</p>
<p>Subcomponent 1.3: Development and implementation of cross-sectoral ECEC module for the EMIS and improvement of the core EMIS system (US\$0.74m)</p> <p><i>Develop, pilot, and rollout EMIS</i></p> <p>Adaptation: The ECEC module for EMIS will include inventory systems of ECEC facilities, which would capture reliable and updated data on the status and risk level of the infrastructure to climate-related hazards/events. This data will inform the government choices in relation to school infrastructure planning and related budget allocations for mitigation and adaptation measures, increasing climate resilience, disaster risk management, and improving energy efficiency of the school building stock.</p>



Sub-component 2.2: Child monitoring and early childhood intervention program (US\$2.904m)

Infrastructure investments in MFMCs across the country and procurement of basic medical supplies

Adaptation: Small renovation works in selected MFMCs will include:

- use of climate risk assessments at the project design stage to relevant decisions regarding buildings, indoor and outdoor environments in the conditions or events that may cause harm, injury, or loss of service over the life of the building;
- assess the potential and include special design measures in MFMCs refurbishment and adaptation, such as drainage improvement for flood control, rainwater harvesting and recycling in water-scarce areas, temperature/heating/conditioning control, air quality control, and tree plantation to protect the building areas from erosion and landslides;
- ensure refurbished spaces will increase energy efficiency through improved building insulation, lighting, ventilation, and heating.

Mitigation: Small renovation works in selected MFMCs will include:

- renovating, and adapting climate-smart spaces: Energy efficiency, introduction of solar power, and tree planting/afforestation measures.
- energy efficiency measures for renovated/adapted spaces, including: replacing old windows with new energy-efficient glazing; installing thermal insulation into exterior walls and roofs; installing automatic controls for heating and efficient lighting systems; outfitting buildings with autonomous systems of power supply from alternative energy sources; use of natural light and airflow to minimize the need to artificially manage the temperature in classrooms.
- appliances and equipment of MFMCs will use climate-friendly green design elements to reduce carbon emissions and be more resilient to potential climate change risks such as floods and storms.
- use of low-carbon and climate-resilient materials, which will be durable and adequate in the face of climate risks.

Sub-component 3.1: Green and universal repurposing, building, and renovating ECEC facilities (US\$11.84m)

Construction and renovation of select ECEC facilities.

Adaptation: Civil works in selected schools will include:

- use of climate risk assessments at the project design stage to inform planning, (re) construction, repurposing, and relevant decisions regarding buildings, indoor and outdoor environments in the conditions or events that may cause harm, injury, or loss of service over the life of the building;
- assess the potential and include special design measures in school refurbishments, adaptations, repurposing, and new school building construction, such as drainage improvement for schools for flood control, rainwater harvesting and recycling in water-scarce areas, temperature/heating/conditioning control, air quality control and tree plantation to protect the school areas from erosion and landslides;
- ensure newly constructed classrooms (design, quality of engineering, and materials) comply with resilience requirements to potential weather-related disasters (heavy rains and winds, flooding, and extreme hot temperatures);
- ensure the repurposed and adapted facilities/spaces will increase energy efficiency through improved building insulation, lighting, ventilation, and heating.

Mitigation: Civil works in selected schools will include:

- building, renovating, and repurposing climate-smart classrooms: Energy efficiency, introduction of solar power, and tree planting/afforestation measures in schools/classrooms construction/retrofitting.
- energy efficiency measures for new, repurposed, and renovated buildings/spaces, including: replacing old windows with new energy-efficient glazing; installing thermal insulation into exterior walls and roofs; installing automatic controls for heating and efficient lighting systems; outfitting buildings with autonomous systems of power supply from alternative energy sources; use of natural light and airflow to minimize the need to artificially manage the temperature in classrooms.
- appliances and technology systems of physical learning-teaching infrastructure will use climate-friendly green design elements to reduce carbon emissions and be more resilient to potential climate change risks such as floods and storms.
- use of low-carbon and climate-resilient materials, which will be durable and adequate in the face of climate risks.