PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC10264

Project Name	Belarus Education Modernization Project (P148181)
Region	EUROPE AND CENTRAL ASIA
Country	Belarus
Sector(s)	Secondary education (50%), Primary education (25%), General education sector (25%)
Theme(s)	Education for all (50%), Education for the knowledge economy (50%)
Lending Instrument	Investment Project Financing
Project ID	P148181
Borrower(s)	Government of the Republic of Belarus
Implementing Agency	Ministry of Education
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	28-Jul-2014
Date PID Approved/ Disclosed	19-Jun-2014, 28-Jul-2014
Estimated Date of Appraisal Completion	27-Feb-2015
Estimated Date of Board Approval	15-Sep-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Belarus is an upper middle income country strategically located between the EU and Russia. For about a decade the country experienced a strong economic growth. Its GDP in 2001–08 grew on average by 8.3% annually, more rapidly than both the Europe and Central Asia (ECA) region at 5.7% and the Commonwealth of Independent States at 7.1%. Growth was propelled by a combination of favorable external factors, including strong export demand by key trading partners, especially Russia, underpriced energy imports from Russia and favorable terms of trade for key export goods. The rapid economic development translated into remarkable progress in poverty reduction. The share of people living under the national poverty line declined from 30% in 2002 to 5% in 2010.

However, since the onset of the global financial crisis in 2008, Belarus has experienced significant economic instability. Growth slowed down substantially and the country has gone through a period

of recurring macroeconomic turmoil. A weak external environment, accumulated macroeconomic imbalances, and delays in structural reforms have put Belarus on a low growth path. In 2013 real GDP grew tepidly at 0.9% mainly through expansion in domestic demand, whereas net exports registered a sharp decline. Inflation stayed high at 16.5% by the end of the year and the current account deficit reached over 10% of GDP. Overall, the economic outlook for the future shows significant challenges ahead if global conditions remain weak, domestic macroeconomic problems continue, and structural reforms are delayed.

Macroeconomic stability and fundamental carefully-sequenced structural reforms are important for putting Belarus on a sustainable growth path. Strong and robust economic growth and development will also necessarily have to rely on the country's human capital. Yet similar to many Eastern European countries, Belarus has a rapidly declining and aging population which poses additional threats to the future development of the country. In order to compensate for the labor force decline and ensure improved living standards, it is necessary to provide for a steady increase in the labor productivity which in its turn requires an adequately prepared workforce in an efficient way. Strengthening the efficiency of the education system is thus an important priority for the country, and such modernization of the sector should give all students the opportunity to receive high quality education necessary to function effectively and productively in a modern society. With valuable geographical location and an educated labor force, Belarus can restructure its economy, diversify its exports, and increase the prosperity of its people.

Sectoral and Institutional Context

Belarus maintains strong performance along a range of social indicators, ranking 50th out of 186 countries in 2012 on the United Nations Human Development Index. The educational system of Belarus has performed well in terms of access and enrollment but key challenges remain in the areas of efficiency and equity of resource allocation, as well as the use of evidence in system management.

Pre-university education in Belarus is provided almost exclusively by the state and is characterized by high levels of enrollment. Pre-primary education (covering children below age 6) is followed by three levels of general education. Primary education (grades 1-4), basic education (grades 5-9), and secondary education (grades 10-11) are together known as "general secondary education" (henceforth, GSE) and are delivered through a network of 3,175 GSE institutions throughout the country. As in most post-Soviet countries, the majority of GSE institutions offer educational services to all students in grades 1-11. Basic education is compulsory through grade 9 (age 15), after which the students may continue in the academic track or pursue a range of options in technical/vocational education.

International partners have had limited involvement in Belarus's education sector. With the exception of UNICEF's support for inclusive and pre-school education and the EU's limited work on vocational and higher education, no external donor has played a part in supporting education policy reforms in Belarus. A World Bank energy sector project had previously financed energy efficiency improvements (replacement of windows and light fixtures) in 745 schools and medical facilities throughout the country. However, until the 2013 delivery of the Belarus Public Expenditure Review ("Enhancing Public Services in Times of Austerity") and the subsequent program of Technical Assistance (TA), the World Bank had not had a substantive policy dialogue with the Government of Belarus (GoB) in the education sector. As a result of recent cooperation, the proposed Project is the first Bank lending operation to be developed in partnership with the Ministry

of Education (MOE) of the Republic of Belarus.

The 2013 PER noted a number of laudable achievements in Belarus's education sector. In particular, the progress made in increasing enrollment has put Belarus among the leading countries that have achieved universal access across all levels of education. Gross enrollment rates of 75% (pre-primary), 101% (primary), 109% (secondary), and 87% (tertiary) place Belarus on par with high-income countries, according to 2011 data. High levels of university enrollment and attainment make Belarus's youth among the most educated in the world.

Yet key challenges remain. Among its conclusions, the Bank's analysis suggested that the inefficient arrangement of the school network in general secondary education has resulted in a preponderance of small schools and classes, and low student-teacher ratios, primarily in rural areas. After two decades of demographic decline, the country's schools now serve 38% fewer students than they did in the 1990s. Average class sizes of 9 students in rural areas with fewer than 5 students per teacher are among the lowest in the world. As a result, Bank estimates suggest that as much as 0.6% of GDP (out of a total education budget of 5.1%) could be saved if Belarus's student-teacher ratios were brought in line with OECD level. These funds are desperately needed in the sector to compensate the country's underpaid teachers (who make 75% of the national average wage despite being 5 times more likely to hold a higher education degree) and finance capital investment.

To its credit, the Government has undertaken an ambitious effort to "right-size" the school network under the national GSE Development Program for 2007-2016. Since the Program's beginning, 789 GSE schools have been closed and 685 reorganized across all 6 oblasts (regions) of Belarus and the city of Minsk. Students from these schools continue to be provided with education in comparable institutions located in neighboring villages. They often receive transportation financed through local budget funds (including with the support of the Development Bank of the Republic of Belarus JSC), though others have to walk several kilometers to school or take advantage of various transport means organized within communities. As a result of these optimization measures, 15% of the country's teachers have been laid off since 2007, while others have been retrained to teach other subjects or transferred to the new receiving schools.

OPTIMIZATION AND THE LEARNING ENVIRONMENT. At the same time, the aggressive optimization program has so far failed to complement the school closing and student transport part of the equation with the improvements in the learning environment for these students. So a key piece of the optimization puzzle is missing. As parents see their children transported to schools farther away, they ask what benefit these young learners get for spending up to two hours each day on the bus or walking along country roads. After all, many of the receiving schools offer a learning environment no better than the one these children left behind in their old village schools.

School consolidation and the enhancement of the learning environment are inextricably linked. True efficiency in the sector can only be realized when fiscal savings are complemented with investments in quality-enhancing inputs (qualified teachers, modern facilities, appropriate information technology and laboratory equipment). But in a country where most education spending is done at the local level, many rayons (districts) lack the resources to provide an adequate learning environment in their rural schools. According to 2010 BOOST data, some rayons spend more than 25% of their education budgets on heating alone, leaving little room for science labs and equipment.

Yet research evidence increasingly points to positive relationships between the physical conditions

of schools and student learning. For example, Hanushek (1995) found that of 34 production function studies in developing countries that investigated the links between physical facilities and student learning, a large majority revealed a positive effect on learning achievement of school infrastructure quality. Similar results have been observed throughout Latin America (Duarte, Bos and Moreno 2010; Duarte, Gargiulo and Moreno 2011; and UNESCO-LLECE 2008), Africa (Michaelowa and Wechtler, 2006; Joseph and Wodon, 2012; Glewwe and Jacoby, 1994; and World Bank, 2004), and high-income countries like the United States (Berner, 1993; Earthman et al., 1996; O'Neill, 2000; Rydeen, 2009; and Earthman, 2002).

Development and implementation of a school improvement package for receiving schools is thus an important priority. Without this, the impact of the efficiency measures from the school optimization program will not be fully realized and may even be stalled due to the fact that receiving schools are not being rehabilitated to provide a better learning environment than the schools being closed, weakening stakeholders' support for further optimization.

PER STUDENT FINANCING. Efficiency and fairness of resource allocation can also be strengthened by shifting away from outdated models of school financing and adopting a more modern approach based on student enrollment. The PER's analysis of the current input-based approach inherited from Soviet times reveals a complex set of norms that govern school staffing levels. These dictate the number of teachers per school based on the number of classes, and the number of auxiliary and technical staff is often determined by size of the school building. This approach, long since discarded in many post-Soviet countries, provides no incentives for the efficient use of resources (e.g., by grouping students into larger classes and utilizing smaller school facilities). Moreover, the inflexibility of input-based financing does not allow the amount of resources going to schools to be easily adjusted to declining numbers of students. In short, the current financing model is not well-suited to the current and future needs of a school system undergoing transition like the one in Belarus.

The Budget Law for 2014 (Article 26) allowed local authorities to use the resources generated through savings from optimization exercises for increasing the wages of employees of budget organizations within the budget envelope allocated to them. The Government then approvedan Action Plan for the development and piloting of optimization activities in education institutions within Minsk oblast and set up an Intergovernmental Working Group to oversee this work. The piloting will take place for the duration of the calendar year with quarterly progress reports presented to the Government and a final report of results to be delivered to the President of Belarus in November 2014.

Meanwhile, technical preparations for the piloting of per-student financing (PSF) are also in progress. Following the order of the Minister of Education, a team at the National Institute of Education is preparing a concept paper outlining the possible directions of implementing PSF in general secondary education. With help from Bank experts, the team plans to begin simulations of school funding formulas to come up with the formula design most suited to the needs of Belarus. Further technical support for this analytical work will be financed under a recently approved grant from the Bank's Institutional Development Fund (IDF) with the localized piloting to be supported by the proposed Project.

QUALITY ASSESSMENT. Belarus remains among the last countries in Europe to have never participated in any major international assessment of student learning (such as the Programme for

International Student Assessment, PISA; Trends in International Mathematics and Science Study, TIMSS; or Progress in International Reading Literacy Study, PIRLS). As such, little is known about the quality of education its schools provide, or how that quality has evolved over time. Domestically, Belarus students take a high-stakes university entrance exam after grade 11, but such exams are used to selected students into higher education and are not designed to accurately assess the quality of education at system level or to analyze time trends. The only other piece of evidence on educational quality is a small-scale sample-based assessment of students in grades 4, 9, and 11 carried out by the National Institute of Education (NIE) annually since 2003. An assessment of this system by Bank experts has found several technical aspects that can be improved to bring the system in line with international best practices. By enhancing the existing sample-based assessments and complementing them with participation in an appropriate international study, Belarus's policymakers and other stakeholders would significantly expand their understanding of the quality of education provided by their system.

EVIDENCE-BASED POLICYMAKING. The use of data analysis in the policymaking process of the Belarus education sector is currently underdeveloped in comparison with international practice. The MOE collects statistical data from schools on an annual basis and stores it within its systems. However, a consolidated Education Management Information System (EMIS) capable of linking information on school characteristics with financial and quality assessment data, and producing on-demand reports to inform policy decisions is currently lacking. The existence of the current automated information systems and established data reporting practices makes for a solid foundation for EMIS development. Moreover, the high level of information technology know-how within Belarus makes it likely that a homegrown solution can be developed to suit the needs of the country's education sector. However, the fragmented nature of current education data collection practices presents an obstacle to evidence-based policymaking. But much like in other countries, where EMIS data is increasingly becoming indispensable for monitoring education quality and prioritizing the allocation of sector resources, Belarus's policymakers will soon view the need to produce on-demand analysis of sector data as essential for supporting their day-to-day decisions.

Relationship to CAS

The proposed project is fully in line with the Country Partnership Strategy for Belarus for FY14-17 (pillar 3 "Improved Human Development Outcomes through Better Delivery of Education, Health and Social Services") and the National Program for the Development of General Secondary Education in the Republic of Belarus for 2007-2016. In particular, the CPS aims to help the GoB enhance the efficiency and quality of education sector service delivery. The Bank team has so far supported the achievement of the CPS goals through non-lending activities. In particular, the 2013 Belarus Public Expenditure Review ("Enhancing Public Services in Times of Austerity") made recommendations on the enhancement of efficiency and sector management practices in education. Subsequently, under the Belarus Programmatic Education Technical Assistance engagement, the Bank provided support on issues including per-student financing, student assessments, remuneration reform, and development of analytical capacity within the education sector (to be further supported by the IDF grant approved in January 2014). The proposed Project will greatly enhance the Government's ability to modernize the general secondary education system in line with the Bank's analytical recommendations and closely follow the priority areas for Bank engagement identified in the CPS.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The objective of the proposed Project is to: (i) support the Government's efficiency reforms by ensuring an adequate learning environment in general secondary education and (ii) strengthen the use of information in education system management.

Key Results (From PCN)

The proposed Project outcome indicators are:

1. The average class size in grades 10 and 11 of general education institutions in affected rayons increases to XX.
2. At least XX percent of students from rural areas are attending general secondary education institutions which meet minimum learning environment standards.
3. Belarus participates in an internationally recognized system of student learning assessments (e.g., PISA) and disseminates the results.
4. An upgraded EMIS is in place and serves as the basis for annual reporting and evidence-based decision-making.

III. Preliminary Description

Concept Description

The proposed Project is organized into three components:

COMPONENT 1: Increasing efficiency in general secondary education by supporting the Government's school network optimization program.

The objective of this component is to ensure that school consolidation efforts are supported with adequate learning environment and technology in receiving schools, and by introducing efficiency-enhancing school financing mechanisms. This component will implement activities at the level of schools and local authorities.

Sub-component 1.1: Implementing minimum learning environment standards in institutions which receive (or plan to receive) students from closed or reorganized schools.

The objective of this sub-component is to ensure that a network of receiving schools created as a result of the optimization program provides an adequate physical environment for the affected students.

Sub-component 1.2: Improving access to and use of laboratory equipment and information technologies in the educational process.

The objective of this sub-component is to ensure that the schools rehabilitated in sub-component 1.1 are equipped with the necessary scientific materials and information technology to provide an adequate learning environment.

Sub-component 1.3: Developing and introducing efficiency-enhancing resource allocation mechanisms in general secondary education.

The objective of this sub-component is to encourage the efficient allocation of resources to schools through the use of a formula-based per-student financing mechanism.

COMPONENT 2: Modernizing system management through the enhancement of education quality assessment systems and evidence-based policymaking.

The objective of this component is to bring current methods of gathering and utilizing information about the education system in line with modern global practices of evidence-based policymaking. This component will implement activities at the level of central authorities tasked with managing the general secondary education system.

Sub-component 2.1: Improving the national student assessment system.

The objective of this sub-component is to revise the current system of national sample-based assessments for monitoring of educational quality in grades 4, 9, and 11 to bring it in line with international best practices.

Sub-component 2.2: Supporting participation in international student assessments.

The objective of this sub-component is to enable the Belarus authorities to prepare for and join an internationally recognized system of student learning assessments.

Sub-component 2.3: Developing a modern EMIS and strengthening the use of data analysis for informing sector management decisions.

The objective of this sub-component is to modernize the systems and practices of data collection and analysis in the education sector.

COMPONENT 3: Supporting project implementation.

The objective of this component is to ensure adequate implementation of the proposed Project activities.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	×		
Natural Habitats OP/BP 4.04		×	
Forests OP/BP 4.36		×	
Pest Management OP 4.09		×	
Physical Cultural Resources OP/BP 4.11		×	
Indigenous Peoples OP/BP 4.10		×	
Involuntary Resettlement OP/BP 4.12		×	
Safety of Dams OP/BP 4.37		×	
Projects on International Waterways OP/BP 7.50		×	
Projects in Disputed Areas OP/BP 7.60		×	

V. Financing (in USD Million)

Total Project Cost:	50.00	Total Bank Financing:	50.00
Financing Gap:	0.00		

Financing Source	**Amount**
Borrower	0.00
International Bank for Reconstruction and Development	50.00
Total	50.00

VI. Contact point

World Bank

Contact: Igor Kheyfets
Title: Economist
Tel: 473-4280
Email: ikheyfets@worldbank.org

Borrower/Client/Recipient

Name: Government of the Republic of Belarus
Contact:
Title:
Tel:
Email:

Implementing Agencies

Name: Ministry of Education
Contact: Mr. Sergei V. Rudy
Title: Deputy Minister
Tel: 375-17-200-94-81
Email: root@minedu.unibel.by

VII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop