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Report No: PAD1151

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 4.9 MILLION (US\$6.75 MILLION EQUIVALENT)

AND

CREDIT

IN THE AMOUNT OF SDR 6.0 MILLION (US\$8.25 MILLION EQUIVALENT)

TO THE

REPUBLIC OF TAJIKISTAN

FOR A

HIGHER EDUCATION PROJECT

June 9, 2015

Education Global Practice
EUROPE AND CENTRAL ASIA

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CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2015)

Currency Unit = USD
SDR 1 = USD 1.390

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

BEEPS	Business Environment and Enterprise Performance Survey
CGP	Competitive Grant Program
CPS	Country Partnership Strategy
DAFR	Department for Accounting and Financial Reporting
DC	Direct Contracting
DCC	Department of Capital Construction
DEP	Department of Economy and Planning
DHE	Department of Higher Professional and Post-graduate Education
DM	Deputy Minister
DSI	Department for Science and Innovation
ECA	Europe and Central Asia
EMF	Environmental Management Framework
EMP	Environmental Management Plan
EMP-AF	Additional Financing for the Education Modernization Project
ESG	European Standards and Guidelines
FBS	Fixed Budget Selection
FM	Financial Management
FTI	Fast Track Initiative Catalytic Fund Project
GDP	Gross Domestic Product
GNI	Gross National Income
GOT	Government of Tajikistan
GPE-4	Fourth Global Partnership for Education Fund Project
GRM	Grievance Redress Mechanism
HEI	Higher Education Institution
IEC	Inter-ministerial Evaluation Committee
ISC	Inter-ministerial Steering Committee
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development
IC	Individual Consultant (Selection Procedure)
ICB	International Competitive Bidding
IDA	International Development Association
IFAC	International Federation of Accountants
IFRs	Interim Financial Reports
LCS	Least Cost Selection

M&E	Monitoring and Evaluation
MOEDT	Ministry of Economic Development and Trade
MOF	Ministry of Finance
MOES	Ministry of Education and Science
MOLME	Ministry of Labor, Migration and Employment
NCB	National Competitive Bidding
NGO	Non-governmental Organization
OECD	Organization for Economic Co-operation and Development
OM	Operational Manual
PAD	Project Appraisal Document
PDO	Project Development Objective
POM	Project Operational Manual
PP	Procurement Plan
PPP	Purchasing Power Parity
P-RAMS	Procurement Risk Assessment and Management System
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RMTC	Republican Methodological and Training Centre
SASSE	State Agency for Supervision in the Sphere of Education
SBD	Standard Bidding Document
SCISPM	State Committee on Investment and State Property Management
SOE	Statement of Expenditures
SSS	Single Source Selection
STEP	Skills Towards Employability and Productivity
TTL	Task Team Leader
UEE	University Entrance Examination
UMPSP	Unit for Marketing, Property and State Procurement
UNDB	United Nations Development Business
VAT	Value Added Tax
WB	The World Bank

Regional Vice President:	Laura Tuck
Country Director:	Saroj Kumar Jha
Senior Global Practice Director:	Claudia Maria Costin
Practice Manager / Manager:	Mario Cristian Aedo Inostroza
Task Team Leader:	Jason Weaver/Sachiko Kataoka

TAJKISTAN
Higher Education Project

TABLE OF CONTENTS

	Page
I. STRATEGIC CONTEXT.....	1
A. Country Context.....	1
B. Sectoral and Institutional Context.....	1
C. Higher Level Objectives to which the Project Contributes	6
II. PROJECT DEVELOPMENT OBJECTIVES.....	6
Project Development Objective (PDO)	6
Project Beneficiaries	6
PDO Level Results Indicators.....	7
III. PROJECT DESCRIPTION.....	7
A. Project Components	7
B. Project Financing	9
Project Cost and Financing	10
C. Lessons Learned and Reflected in the Project Design.....	10
IV. IMPLEMENTATION.....	11
A. Institutional and Implementation Arrangements	11
B. Results Monitoring and Evaluation	13
C. Sustainability.....	13
V. RISKS AND RISK MITIGATION	14
VI. APPRAISAL SUMMARY	15
A. Economic and Financial (if applicable) Analysis	15
B. Technical.....	16
C. Financial Management.....	17
D. Procurement	17
E. Social (including Safeguards).....	18
F. Environment (including Safeguards)	20
Annex 1: Results Framework and Monitoring.....	21

Annex 2: Detailed Project Description	27
Annex 3: Implementation Arrangements.....	34
Annex 4: Implementation Support Plan.....	50
Annex 5: Economic and Financial Analysis.....	52
Annex 6: Map of Tajikistan	58

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PAD DATA SHEET*Tajikistan**Higher Education Project (P148291)***PROJECT APPRAISAL DOCUMENT***EUROPE AND CENTRAL ASIA**0000009057*

Report No.: PAD1151

Basic Information			
Project ID P148291	EA Category B - Partial Assessment	Team Leader(s) Jason Allen Weaver, Sachiko Kataoka	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 09-July-2015	Project Implementation End Date 31-Oct-2021		
Expected Effectiveness Date 30-Oct-2015	Expected Closing Date 31-Oct-2021		
Joint IFC No			
Practice Manager/Manager Mario Cristian Aedo Inostroza	Senior Global Practice Director Claudia Maria Costin	Country Director Saroj Kumar Jha	Regional Vice President Laura Tuck
Borrower: Republic of Tajikistan			
Responsible Agency: Ministry of Education and Science			
Contact: Telephone No.: 992372214605	Mr. Nuriddin Said	Title: Email: moert.k@maorif.tj	Minister of Education and Science
Project Financing Data(in USD Million)			
[] Loan	[X] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	15.00	Total Bank Financing:	15.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	8.25
IDA Grant	6.75
Total	15.00

Expected Disbursements (in USD Million)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	0000	0000	0000
Annual	0.59	1.84	3.91	3.88	2.81	1.63	0.34	0.00	0.00	0.00
Cumulative	0.59	2.43	6.34	10.23	13.04	14.67	15.00	0.00	0.00	0.00

Institutional Data

Practice Area (Lead)

Education

Contributing Practice Areas

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Tertiary education	100		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Human development	Education for the knowledge economy	100
Total		100

Proposed Development Objective(s)		
The objective of the project is to develop mechanisms that improve and monitor the quality and labor-market relevance of higher education.		
Components		
Component Name	Cost (USD Millions)	
Institutional-Level Improvements	12.70	
System-Level Interventions	1.75	
Project Management, Monitoring and Evaluation	0.55	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Substantial	
2. Macroeconomic	High	
3. Sector Strategies and Policies	Substantial	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	Substantial	
7. Environment and Social	Moderate	
8. Stakeholders	Moderate	
9. Other		
OVERALL	Substantial	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X

Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
Project Operational Manual and Environmental Management Framework	X		CONTINUOUS

Description of Covenant
The Recipient shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual and the EMF.

Name	Recurrent	Due Date	Frequency
Competitive Grant Program		29-Feb-2016	

Description of Covenant
Within one hundred and twenty (120) days from the Effective Date, the Recipient shall (a) establish the Competitive Grant Program acceptable to the Association; (b) establish, and thereafter maintain, during the execution of the Project, an evaluation committee responsible for evaluating Grant proposals under Sub-component 1.1 and Sub-component 1.2 of the Project and submitting them to the Inter-Ministerial Steering Committee for final review and approval, all in accordance with the terms and conditions set forth in the POM (for Just-in-Time Grants) and CGP Manual (for CGP Grants); (c) prepare and adopt a manual (the CGP Manual), in form and substance acceptable to the Association; and (d) thereafter ensure that Sub-component 1.2 of the Project is carried out in accordance with the arrangements, procedures, and guidelines set out in the CGP Manual, and in a manner acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Adequate Funds, Facilities, and Resources	X		CONTINUOUS

Description of Covenant
Without limitation to the provisions of Section 4.03 of the General Conditions, the Recipient shall promptly provide the MOES with adequate funds, facilities and resources, including qualified and experienced staff in adequate numbers.

Name	Recurrent	Due Date	Frequency
FM Specialist		30-Nov-2015	

Description of Covenant
No later than thirty (30) days from the Effective Date, the Recipient has contracted, under terms of

reference and in a manner acceptable to the Association, a financial management specialist to support the MOES' Department for Accounting and Financial Reporting in the implementation of this Project.

Name	Recurrent	Due Date	Frequency
Grievance Redress Mechanism		31-Dec-2015	

Description of Covenant
 No later than sixty (60) days from the Effective Date, the Recipient shall, in consultation with Project stakeholders, adopt a Grievance Redress Mechanism, in accordance with the procedures and guidelines set forth in the POM and acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Inter-Ministerial Steering Committee		31-Jan-2016	

Description of Covenant
 No later than ninety (90) days from the Effective Date, the Recipient shall establish, and thereafter maintain during the execution of the Project, an Inter-Ministerial Steering Committee, responsible for (a) overseeing the implementation of Sub-components 1.1 and 1.2 of the Project; and (b) reviewing and approving the selection of the Beneficiaries under Sub-component 1.1 and Sub-Component 1.2.

Name	Recurrent	Due Date	Frequency
Environmental Management Framework	X		CONTINUOUS

Description of Covenant
 The Recipient shall ensure that the Project is carried out in accordance with the EMF including the requirement of consultation and disclosure. The Recipient shall not assign, amend, abrogate, or waive the EMF or any provision thereof, without the prior approval of the Association.

Name	Recurrent	Due Date	Frequency
Involuntary Resettlement	X		CONTINUOUS

Description of Covenant
 The Recipient shall ensure that no works undertaken as part of the Project activities shall involve the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas.

Name	Recurrent	Due Date	Frequency
Child and Forced Labor Compliance	X		CONTINUOUS

Description of Covenant
 The Recipient shall ensure that the Project is implemented in accordance with the applicable laws and regulations on child and forced labor, including ensuring such compliance by Beneficiaries.

Conditions		
Source Of Fund	Name	Type
IDA	1C accounting software	Effectiveness

Description of Condition				
The Recipient has contracted, under the terms of reference and in a manner acceptable to the Association, (i) installation and adaptation of the 1C accounting software for Project accounting, budgeting and reporting; and (ii) provision of adequate training as needed to MOES on the accounting system.				
Source Of Fund	Name			Type
IDA	Project Operational Manual			Effectiveness
Description of Condition				
The Project Operational Manual has been adopted by the Recipient in a manner acceptable to the Association.				
Source Of Fund	Name			Type
IDA	Execution and delivery of the Financing Agreements			Effectiveness
Description of Condition				
The execution and delivery of the Financing Agreements (Credit and Grant) on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Jason Allen Weaver	Team Leader (ADM Responsible)	Education Spec.		GEDDR
Sachiko Kataoka	Team Leader	Senior Economist		GEDDR
Dilshod Karimova	Procurement Specialist	Procurement Specialist		GGODR
Niso Bazidova	Financial Management Specialist	Financial Management Analyst		GGODR
Angela Nyawira Khaminwa	Safeguards Specialist	Senior Social Development Specialist		GSURR
Rustam Arstanov	Safeguards Specialist	Environmental Specialist		GENDR
Saodat Bazarova	Team Member	Senior Operations Officer		GEDDR
Andrea C. Guedes	Team Member	Senior Operations Officer		GEDDR

Jeremie Matthew Amoroso	Team Member	Junior Professional Associate		GEDDR
Natalia Robalino	Counsel	Senior Counsel		LEGIA
Jasna Mestnik	Team Member	Finance Officer		WFALA
Ayshe Muratova	Team Member	Program Assistant		ECCTJ
Sujani Eli	Team Member	Program Assistant		GEDDR

Extended Team

Name	Title	Office Phone	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments

Consultants (Will be disclosed in the Monthly Operational Summary)

Consultants Required: Consultants will be required

I. STRATEGIC CONTEXT

A. Country Context

1. Tajikistan is a landlocked country with a population of 8.2 million and a gross domestic product (GDP) per capita of USD 2,512 in Purchasing Power Parity (PPP) terms in 2013. Tajikistan's economy steadily grew at a higher-than-projected rate of around 7.5 percent in 2011-2013 largely due to the high inflow of USD 4.1 billion in remittances, the equivalent of almost 49 percent of GDP. Services and agricultural sectors account for the majority of employment in Tajikistan at 46 percent and 35 percent, respectively. More than one in four (28 percent) people work in state-owned enterprises or for the government which is considerably higher than the number of people working for private firms (17 percent). Investments in human and institutional capital would help diversify the country's endowments, increase productivity, create new and better paid jobs, and reduce economic volatility.

2. Economic growth was accompanied by a significant reduction in poverty and a reasonably balanced distribution in terms of shared prosperity. The poverty rate, measured at USD 2.50 per day in Purchasing Power Parity (PPP) terms dropped from 40.9 percent in 2012 to 33.8 percent in 2014. The benefits of economic growth were widely shared by the population. Real consumption growth of all households and that of the bottom 40 percent were almost identical. As stated in the *National Development Strategy through 2015*, addressing poverty and shared prosperity are among Tajikistan's most important goals.

3. Given Tajikistan's heavy reliance on remittances from abroad, the deepening economic crisis in Russia poses a significant risk. The GDP growth rate moderated to 6.7 percent in 2014 and is expected to slow down to 3.2 percent in 2015 and to recover only to 4.4 percent in 2016. Since more than 90 percent of Tajikistan's migrants are employed in Russia, the expected sharp decline in remittances (40 percent in USD terms) would have a particularly adverse impact on the service sector that accounts for over 40 percent of Tajikistan's economy. Labor migration is expected to fall by 25 percent in 2015 and the workers who remain in Tajikistan will create additional competition with youth entering the labor market. The expected sharp increase in the total workforce would pose a significant burden on the domestic labor market and social services.

B. Sectoral and Institutional Context

4. More than two million students--a quarter of Tajikistan's population--are enrolled in Tajikistan's education system. The net enrollment rate for preschool (ages 3-6) is 8.9 percent, the lowest rate in the region. Basic education is mandatory, starts at age seven years, and lasts nine years: four years of primary and five years of lower secondary. Together, grades 1-11 are referred to as general secondary education. In the academic year 2012/13, there were approximately 1.7 million students (grades 1-11), including 0.8 million girls (47 percent), studying in 3,813 schools. Gross primary enrollment rates for male and female students are strong as are secondary enrollment rates, however the ratio of female to male secondary enrollment rates is less--at 87 percent--than regional rates at 96 percent.¹ After basic education, students can pursue 1-3 years of primary vocational education or 1-4 years of secondary vocational education (colleges), and

¹ World Bank. 2013. *Tajikistan Gender Diagnostic Note*.

after upper secondary education, students may proceed to university or secondary vocational education (colleges). Although the pathways are not completely closed, in reality, once students are tracked into vocational education, few students continue onto higher education. While general secondary and vocational education still face a myriad of challenges, several donors, including the World Bank, have been supporting reforms in these sectors. Conversely, no other donor has recently provided or is providing comprehensive financial or technical support to Tajikistan's higher education sector.

5. At approximately 13 percent, Tajikistan's gross higher education enrollment rate is comparable to other countries with similar levels of GDP per capita. In 2012/13, there were 35 institutions enrolling 150,100 students with 9,950 faculty members. However, unlike most other countries in the region female tertiary enrolment is lower than that of males.² The higher education system comprises 13 universities, 12 institutes, 5 branches of universities (of which two are branches of Russian universities), one conservatory, and four higher education institutions (HEIs) of law enforcement. Several of the larger universities are discipline-specific (commerce, medical, agricultural, pedagogical, etc.).³ Only one of the 35 institutions is private.

6. In Tajikistan, the employment profile of higher education graduates endorses the value proposition of a university education. First, the employment prospects are stronger for higher education graduates. Overall, the employment rate among adults with a university degree (81 percent) is roughly twice as high as the employment rate of those who have not completed general secondary education (41 percent). Second, workers with less than a secondary education are roughly twice as likely (73 percent) to be engaged in the informal sector as workers with higher education (34 percent). Informal sector jobs in Tajikistan are usually associated with lower pay, job insecurity, and no access to benefits. Finally, there is a considerable wage premium to higher education in the labor market. In Tajikistan, workers with higher education on average have a 40 percent higher wage than similar workers with secondary education.⁴

7. The Law on Higher Education vests critical higher education policy and operational deliverables in the Ministry of Education and Science (MOES). The State Agency for Supervision in the Sphere of Education (SASSE) under the MOES is in charge of external quality assurance, and the Republican Methodological and Training Center (RMTC), also under the MOES, performs due diligence on academic standards and proposed teaching plans. The autonomy of HEIs is relatively limited as a result of historical trends and concerns about capacity. The Ministry of Finance (MOF) and Ministry of Economic Development and Trade (MOEDT) play a role in financing decisions for higher education. As in many former Soviet countries, the government

² Sattar, S. 2012. *Opportunities for Men and Women in Emerging Europe and Central Asia*. World Bank Group.

³ Kataoka, S., et al., 2014. *Tajikistan: Higher Education Sector Study*. Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/2014/10/23089705/tajikistan-higher-education-sector-study>

⁴ Ajwad, M.I., et al., 2014. *The Skills Road: Skills for Employability in Tajikistan*. Washington, DC: World Bank Group.

<http://documents.worldbank.org/curated/en/2014/01/20241169/tajikistan-skills-road-skills-employability-tajikistan>. Data comes from a World Bank/German Society for International Cooperation (GIZ) Tajikistan Jobs, Skills, and Migration Survey. This household surveys was conducted in conducted from July to September 2013, and the survey collects comprehensive information not typically captured by traditional household surveys and is representative at the national, regional (Oblast), and urban/rural levels. Two distinct instruments were employed in the survey: a core questionnaire and a skills questionnaire.

finances the sector through state-funded places in HEIs which are awarded based on entrance examination results. In recent years, the government has financed about 40 percent of higher education students from its budget with the remaining 60 percent self-financing.

*Challenges and Opportunities for Tajikistan's Higher Education Sector*⁵

8. For the purposes of this project, the working definition of 'labor-market relevance' for higher education borrows broadly from the Bologna Process⁶ and European Commission's⁷ notion of 'employability'. Labor-market relevance refers to the role of higher education to equip students with both the discipline-specific (e.g., law, medicine, business, information technology, etc.) and transversal skills (e.g., communication skills, entrepreneurial skills, 'learning to learn' skills) to be meaningfully employed or self-employed in the labor market.

9. As a result, the concept of labor-market relevance focuses on the engagement of public and private sector employers in the design and delivery of academic offerings. It also emphasizes the importance of tracking the career path of graduates either by institutions or at the system level as a way of monitoring labor-market relevance and to encourage institutions to continuously appraise their offerings.

10. In many countries, quality assurance is the main policy instrument through which education authorities encourage higher education institutions to enhance the employability of their graduates. Higher education institutions are often obliged to submit employability-related information to quality assurance agencies to obtain or retain accreditation.

11. Importantly, those higher education students considered 'under-represented' (based on their sex, ethnicity, socio-economic background, disability, or other characteristics) are often disadvantaged when seeking employment in the labor market. Supporting these students in the completion of their studies and transition to the labor market also falls under the concept of labor-market relevance.⁸

12. *Quality and Relevance.* In Tajikistan, there is a growing demand for "new economy" skills—higher-order analytical and organizational skills, including non-routine cognitive analytical and interpersonal skills. Between 2009 and 2013, the demand in Tajikistan for new economy and routine cognitive skills increased (often in manufacturing and services jobs) while the demand for routine manual skills declined (often in low productivity agriculture and retail services). This shift

⁵ Unless otherwise noted, the data cited in this section is sourced from either 'Tajikistan - Higher education sector study' or 'The Skills Road: Skills for Employability in Tajikistan'.

⁶ Working Group on Employability, 2009. *Report to Ministers, Bologna Conference*, Leuven/Louvain-la Neuve 28-29 April 2009. [pdf] Available at: http://www.ond.vlaanderen.be/hogeronderwijs/bologna/conference/documents/2009_employability_WG_report.pdf [Accessed 11 March 2016].

⁷ European Commission, 2011. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on 'Supporting growth and jobs – an agenda for the modernisation of Europe's higher education systems'. COM(2011) 567 final.

⁸ European Commission/EACEA/Eurydice, 2014. *Modernisation of Higher Education in Europe: Access, Retention and Employability 2014. Eurydice Report*. Luxembourg: Publications Office of the European Union.

in skills demand is consistent with those observed in other European and Central Asian countries as well as in many OECD countries.

13. Given this shift, a considerable share of firms in Tajikistan complains about an inadequately educated workforce. The most recent *Business Environment and Enterprise Performance Survey* reveals that approximately one third of all firms in Tajikistan (36 percent) identify an inadequately educated workforce as a constraint.⁹ Additionally, the majority of respondents (80 percent) to a recent skills survey in Tajikistan feel constrained by a lack of adequate qualifications and face difficulties demonstrating their qualifications when finding a job. The data, therefore, suggest that Tajikistan should focus on increasing its engagement (e.g., curriculum redesign, internships, teacher development, etc.) with public and private sector employers to enhance the labor-market relevance of higher education.¹⁰

14. There is, however, a significant variation in cognitive and non-cognitive abilities among individuals with identical education levels, raising concerns about the quality of Tajikistan's education system. A significant number of individuals who have completed higher education have a lower cognitive ability than individuals with less than secondary education. Similarly, there are respondents with less than a secondary education who scored higher on the non-cognitive skills measured than respondents with a higher education. As a result, Tajikistan would benefit from improvements to the quality of cognitive and non-cognitive learning outcomes (e.g., teacher development, updated learning resources, modern equipment and laboratories, etc.) and a strengthened quality assurance function throughout the higher education system.¹¹

15. When preparing to enter the workforce, difficulties in learning about job vacancies or demonstrating skills make it hard for students to find suitable jobs. In Tajikistan, two out of three respondents (68 percent) indicate that, in the event that they would be looking for a job, they do not have the means to identify job vacancies. Information is a key element in the quest to successfully match labor supply and labor demand. The opportunity for Tajikistan in this regard is two-fold: 1) collect and monitor data on labor-market demand and HEI performance to inform evidence-based policy decisions and 2) enhance support for students in their school-to-work transition.¹²

16. One in three Tajik men age 20–39 are currently abroad, and more than 90 percent of these labor migrants are in the Russian Federation working mostly in construction, trade, housing and cleaning services, agriculture, and maintenance. The proportion of females among migrants was 8 percent in 2009.¹³ With the deepening economic crisis in Russia, Tajikistan must be prepared for a significant portion of these migrant workers to return and the impact that may have on the economy. The returning migrants typically have a secondary education diploma and have significantly higher cognitive and non-cognitive skill outcomes than non-migrants. To address the returning migrants and the overall shift towards 'new economy' skills, Tajikistan should offer

⁹ The World Bank Group, 2014, *BEEPS At-A-Glance 2013: Tajikistan*. December 2014. The sample was drawn from a universe of eligible firms in manufacturing and retail/wholesale industries with five or more full time employees located in major urban centers.

¹⁰ Ajwad, M.I., et al., 2014.

¹¹ *Ibid.*

¹² *Ibid.*

¹³ Kataoka, S, 2013, *Central Asia Migrant Life-Skills Development*, Washington, DC: World Bank Group.

more short-term, applied academic offerings focused on re/up-skilling the workforce in accordance to labor-market demands.

17. *Equity.* Students in Tajikistan from better-off families are more likely to enroll in higher education than poorer students. In fact, two out of three students currently enrolled in higher education belong to households in the top two consumption quintiles, compared to only one in twenty students from the poorest consumption quintile. There is evidence that financial barriers and weak governance play a key role in accessing education. According to a study on informal payments, 37 percent of parents believe that informal payments are “necessary for higher educational attainment.”¹⁴ For the 2014-2015 academic year, Tajikistan introduced a unified University Entrance Exam (UEE) to add greater transparency and fairness to the admission process. The UEE is a remarkable step in building a strong foundation for the modernization of Tajikistan’s higher education system.

18. Education completion is also correlated with wealth. The higher education attainment rate is nearly three times greater among men belonging to households in the richest per capita consumption quintile (33 percent) than compared to men belonging to the poorest quintile (12 percent). Among women, this ratio is five to one. In households in the poorest quintile, approximately one-third of all men and women have not completed secondary education, compared to just 8 percent of men and 20 percent of women in households in the richest quintile.

19. Female access to higher education is significantly lower than male access. While a wide gender gap persists in tertiary attainment, the female-to-male gender gap has narrowed somewhat from 0.4 in 2010 to 0.52 in 2013, but it is higher in rural areas.¹⁵ In the last several years, females comprise approximately 30 percent of university enrollments with some regional variations, but they are more likely to be part-time correspondence students and located outside Dushanbe. In 2011/12, females accounted for 23 percent of full-time students and 41 percent of part-time students. In addition, areas of study are gender-segregated, with most girls remaining in fields commonly associated with women’s traditional roles in society, such as education, health, and social services, with only a few entering scientific or technical faculties.¹⁶ Recent studies identify beliefs and norms that help explain the limited access among women, including early marriage, a fear of being perceived of as having high expectations vis-à-vis family life, lower returns on girls’ education, and mobility restrictions. In addition, girls have called for more presidential quotas in HEI for women and more support for potential students with ill or absent parents.¹⁷ Introduction of a new system of university admission – unified University Entrance Exams (UEE) - through the National Testing Center supported by the Bank and READ TF, inter alia resulted in an increased girls’ enrollment in high school: 41% of those allocated a university place in 2014, the first year of UEE, were girls.

20. Overall, the employment rate for women is 69 percent for those with a university degree and 22 percent for those with less than a secondary education, compared to 81 percent and 41 percent

¹⁴ Safir, A., 2015, *High Hopes, Moderate Expectations: Barriers to Access to Complete Higher Education in Tajikistan: Reforming the University Entrance Exam* (draft).

¹⁵ World Economic Forum, 2012, *Global Gender Gap Report, 2012*.

¹⁶ *World Bank/IFC Country Partnership Strategy, Tajikistan Country Partnership Strategy (FY 2015-2018)*, March 26, 2014.

¹⁷ World Bank. 2013. *Tajikistan Gender Diagnostic Note*. And Safir, A., 2015.

for men, respectively. One of the two main reasons for women being absent from the labor market is domestic responsibilities, especially child care among the 20-34 year olds. This is similar to regional trends which show that employment rates are lower among women with children.

C. Higher Level Objectives to which the Project Contributes

21. The aforementioned challenges and opportunities are, on balance, consistent with what is outlined in the *National Strategy of Education Development of the Republic of Tajikistan till 2020* as approved by Decree №334 of the Government of the Republic of Tajikistan dated June 30, 2012, and the subsequent *Education Action Plan for 2015-2017*. Tajikistan's interest in joining the Bologna Process underpins much of its strategy for higher education, including an alignment with European Standard and Guidelines for quality assurance and a full transition to the European Credit Transfer System. The *Strategy* and *Action Plan* aim to reform educational standards based on a competency-based approach, with active participation of public and private sector employers, as a way to modernize curricula and improve labor-market relevance. In line with these strategic objectives, the Government of Tajikistan has requested Bank support for the project. Beyond the MOES, the proposed project can also contribute to the Government's planning for national development.

22. The proposed project is also designed to help achieve the objectives of the approved Country Partnership Strategy (CPS) FY15-18 that support three broad areas of engagement or pillars: (i) private sector-led growth; (ii) social inclusion; and (iii) regional connectivity. First, the proposed project will support HEIs in engaging the private sector to improve the relevance of academic curriculum to reflect the needs of the local and regional labor market. Second, the project will provide academic and student support services aimed specifically at female students in pursuing and completing higher education. Third, it will support twinning and partnership relationships as part of capacity-building activities with international partners in areas like curriculum redesign and quality assurance. Additionally, the project also contributes to the cross-cutting themes of the CPS, namely, governance and gender.

II. PROJECT DEVELOPMENT OBJECTIVES

Project Development Objective (PDO)

23. The objective of the project is *to develop mechanisms that improve and monitor the quality and labor-market relevance of higher education.*

Project Beneficiaries

24. The project's direct beneficiaries include students (both females and males), management, administrators, and teachers of HEIs, and staff of the MOES and other relevant government agencies that administer activities related to higher education. The indirect beneficiaries are public and private sector employers who will have access to a better skilled workforce. Higher employment prospects and higher wage premiums are higher education outcomes that contribute directly to achieving the World Bank's twin goals of Reducing Poverty and Promoting Shared Prosperity.

PDO Level Results Indicators

PDO	Outcome Indicators
<i>To develop mechanisms that improve the quality and labor-market relevance of higher education.</i>	<ol style="list-style-type: none"> 1. Number of clusters of academic specialties with standards revised utilizing a process that incorporates employer feedback (number) 2. New quality assurance standards and guidelines, aligned with Bologna Process, for institutional accreditation are developed, piloted, and approved by the government (text)
<i>To develop mechanisms that monitor the quality and labor-market relevance of higher education.</i>	<ol style="list-style-type: none"> 3. Percentage of peer reviewed CGP sub-grants that are assessed to have improved the quality and relevance of the targeted program (percentage) 4. Percentage of HEIs conducting graduate tracing surveys to monitor employment outcomes of alumni (percentage)

III. PROJECT DESCRIPTION

A. Project Components

25. The project consists of three components: (i) institutional-level improvements; (ii) system-level interventions; and (iii) project management, monitoring and evaluation.

COMPONENT 1: Institutional-Level Improvements (USD 12.7 million equivalent)

26. This component supports institutional-level improvements through the following two sub-components:

Sub-component 1.1: Just-in-Time Grants to Re-/Up-Skill Workforce (USD 1.0 million equivalent)

27. Using existing data on employer demand, grants will be awarded to eligible education institutions¹⁸ to develop and deliver short-term programs/courses that align with the sectors, skills, and competencies in immediate demand. The target audience will be males and females in the job market, including returning migrants and secondary education graduates entering the labor market with limited work experience in need of up-skilling or retooling (e.g., entrepreneurship, business management, IT skills, etc.). The Government will establish an Inter-ministerial Steering Committee (with representatives from MOF, MOEDT, Ministry of Labor, Migration, and Employment (MOLME), and other relevant government agencies) to oversee the activity. The MOES will publish a call for proposals. Eligible education institutions will submit proposals, which will be reviewed by an Inter-ministerial Evaluation Committee. The Evaluation Committee will review grants on a competitive basis using a pre-defined set of scoring criteria guided by principles such as impact, sustainability, equity and labor-market relevance. The Evaluation Committee will then make recommendation to the Steering Committee for its final decision. The Inter-ministerial Evaluation Committee will consult with selected local employers, instructional design experts, and seasoned experienced trainers to determine the selection criteria. All education

¹⁸ Eligible Education Institution” means any HEI, college or training center.

institutions are eligible, including those located in the regions, and collaboration among institutions will be encouraged. A communications campaign will ensure all eligible institutions and potential enrollees are aware of the activity.

Sub-component 1.2: Competitive Grant Program for Universities (USD 11.7 million equivalent)

28. The objective of this sub-component is to support the design and implementation of a Competitive Grant Program (CGP) that will fund demand-driven improvements at HEIs. By design, HEIs will self-identify and propose initiatives as a way to foster institutional diversity across the system. On a competitive basis, the CGP will support the best proposals aimed at the following two objectives: 1) labor-market relevance and 2) female student support services.¹⁹ This sub-component will utilize the same committee structure as sub-component 1.2.

29. Each of the two objectives has several activities associated with it. Under labor-market relevance, the proposed Sub-projects should address improving labor-market relevance through updated curriculum, academic offerings, teacher development, career services, refurbishing laboratories, providing equipment, and learning materials with the support of pedagogical experts and employers. To improve the provision of support services to female students, the proposed Sub-projects should create and strengthen mechanisms to encourage female students' enrollment and completion of higher education and their transition into the labor market, including but not limited to residential programs, mentoring programs with women in the workforce, speaker series, job search workshops, etc. Several NGOs are already providing support to female students, so universities will be encouraged to partner with these NGOs in their proposals.

COMPONENT 2: System-Level Interventions (USD 1.7 million equivalent)

30. This component supports interventions at the system level through the following three sub-components:

Sub-component 2.1: Quality Assurance Enhancements (USD 0.7 million equivalent)

31. This sub-component supports capacity development for monitoring and improving the quality of higher education. Activities to be supported include: a) implementing minimum standards for conducting and reporting graduate tracer studies; b) building capacity of the relevant government authority and HEIs to operate in a manner more consistent with European Standards and Guidelines (ESG) for quality assurance; and c) developing, piloting (at three universities), and

¹⁹ The MoES has been awarded a Recipient-Executed Grant to support the preparation of the project from the Europe and Central Asia Region Capacity Development (ECAPDEV) Trust Fund. Amongst other things, the Grant will fund two activities in preparation for the CGP. First, an international consultant will work with MoES/RMTC representatives to recommend specific activities to improve the labor market relevance of higher education in Tajikistan based on good global practices. Second, a consultant will also partner with MoES officials to perform a current state assessment of services targeting female students across Tajikistan's higher education system and then provide an overview of good global practices to increase the enrollment, retention, and graduation of female students as well as their subsequent transition into the workforce. The output should guide and inform applications from higher education institutions and NGOs to the Competitive Grant Program.

approving new standards and guidelines for institutional accreditation and internal quality assurance.

Sub-component 2.2: System-wide Higher Education Curriculum Reform (USD 0.8 million equivalent)

32. This sub-component supports the reform of state-defined curriculum. University-level academic standards in Tajikistan have two components: 1) state-mandated requirements for general disciplines and 2) requirements of the academic specialty. The MOES/RMTC is currently responsible for the state-mandated standards for general disciplines as well as the standards for each specialty. Activities to be financed under this sub-component include: a) Conducting a detailed employer survey similar to the Skills Towards Employability and Productivity (STEP) measurement survey. This in-depth employer survey will provide a more comprehensive indication of what specialties, skills, and competencies are most important to Tajikistan's economy in both the near and medium terms; and b) Revising the state-defined curriculum for 5-7 clusters of academic specialties (e.g., teacher preparation, finance/banking/accounting, etc.) with input from local and international experts as well as private sector employers to reflect the cognitive and transversal skills in demand by Tajikistan's new and evolving economy. The activity will start with a revision to science, math, and language teacher training and then clusters of other academic specialties will be identified and sequenced according to the employer survey results and other relevant data.

Sub-component 2.3: Assessment of Higher Education Financing (USD 0.2 million equivalent)

33. This sub-component supports an assessment of Tajikistan's approach to financing higher education. It will produce recommendations for a more effective and performance-orientated allocation method that supports key policy objectives.

COMPONENT 3: Project Management, Monitoring and Evaluation (USD 0.6 million equivalent)

34. The activities to be financed support project management, communication, training, monitoring and evaluation, operating costs, and the project's audits.

B. Project Financing

35. The proposed project, to be implemented as an Investment Project Financing, is to be implemented over a period of six years and would be financed by an IDA Grant in the amount of USD 6.75 million equivalent and an IDA Credit in the amount of USD 8.25 million equivalent for a total of USD 15 million equivalent.

Project Cost and Financing

Project Components	Project cost (USD million equivalent)	IDA Financing (USD million equivalent)	% Financing (exclusive of VAT and customs fees and taxes)
Component 1: Institutional-Level Improvements	12.7	12.7	100%
1.1: Just-in-Time Grants to Re-/Upskill Workforce	1.0	1.0	
1.2: Competitive Grants Program for Universities	11.7	11.7	
Component 2: System-Level Interventions	1.7	1.7	100%
2.1: Quality Assurance Enhancements	0.7	0.7	
2.2: System-wide Higher Education Curriculum Reform	0.8	0.8	
2.3: Assessment of Higher Education Financing	0.2	0.2	
Component 3: Project Management, Monitoring and Evaluation	0.6	0.6	100%
Total Project Costs	15.0	15.0	100%
Total Financing Required	15.0	15.0	100%

36. **Co-financing Parameters.** The IDA Credit and Grant would finance 100 percent of project costs, exclusive of value added tax (VAT) and customs fees and taxes. The Government will either provide counterpart funds to cover those taxes or exempt the project from them.

C. Lessons Learned and Reflected in the Project Design

37. *Competitive Grant Program.* More than 30 countries are using a competitive funding scheme in various parts of the world. The Bank has supported the introduction of such schemes in many countries through various projects: the Bangladesh Higher Education Quality Enhancement Project (P106216), the Chile Tertiary Education Finance for Result Project (P088498 and P111661), the Ghana Skills and Technology Development Project (P118112) are examples among others. These accumulated experiences suggest that competitive funding is a highly effective mechanism to improve governance, transparency, and efficiency of the budget allocation for higher education and to boost educational quality, relevance, and innovation at the institutional level. Competitive funding is effective because it finances demand-driven activities through a transparent process unlike a funding mechanism that designates resources to narrowly defined purposes in a top-down fashion, and because it allows the funding authority to steer higher education institutions to invest in specific sector development needs and priority policy reform activities such as curriculum and teaching improvement.

38. *Quality Assurance.* The project's quality assurance activities take into account the lessons learned from an in-depth analysis of good international practices in the region, including Armenia, Estonia, the Netherlands, and the Russian Federation (two models). For example, internationally recognized public and private quality assurance agencies are generally independent from the government. However, in centralized countries such as former Soviet Union countries, a quality assurance agency is often not an independent body but subordinated to the Ministry of Education. Tajikistan is no exception. International experience suggests that under such circumstances it is often more feasible and effective to create a quality assurance mechanism aligned with international standards under the Ministry's umbrella at least for a transitional period. Based on

these lessons, the proposed project supports capacity building for the existing accreditation body, SASSE, on the European Standards and Guidelines as opposed to trying to create a totally new and independent accreditation body.

39. *Project Implementation.* The MOES has gradually built its project implementation capacity through previous Bank-financed and other externally-funded projects. This experience in Tajikistan, as well as other international good practices, has demonstrated that an education project is most effective and sustainable if the implementing agency itself, rather than a separate project implementation unit, implements the project. International experience also suggests that the continuity and commitment of senior-level ministry officials during the project's life are the key to smooth project implementation, and therefore to overall project success. The project implementation arrangement is designed in such a way that the senior management is fully responsible for the overall oversight of the project, while various departments and relevant institutions are responsible for day-to-day implementation. An involvement of NGOs in the project implementation and monitoring also reflects international experience that sharing the project information and participation opportunities with citizens would help build ownership and commitment to reforms and develop a culture of accountability.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

40. The proposed project will be implemented by the Ministry of Education and Science (MOES) with support of a selected number of technical consultants (many of them full-time). The latter should augment the MOES' management, fiduciary, and technical capacities for project management, implementation and M&E, and will sit in the relevant units of the MOES.

41. Overall responsibility for project management will reside with the Minister of MOES, who will be National Coordinator for the project. The responsibility for day-to-day coordination and oversight of activities will reside with two Deputy Ministers, the Deputy Minister for Higher Education and Deputy Minister on Economic Issues, who will be supported by a Project Coordinator. While both deputy ministers will oversee implementation of the respective project activities, overall project oversight will rest with the Deputy Minister on Economic Issues. The Department for Higher Professional and Post-graduate Education (DHE) will be the key unit in the MOES responsible for the project implementation. The DHE will work closely with other respective departments of the MOES and education system institutions such as the SASSE and RTMC. The Deputy Ministers, Head of DHE and Project Coordinator will regularly report directly to the Minister and be held accountable for progress.

42. Each project activity will be managed by a respective MOES unit or an education system institution which, as per the MOES regulations, has the primary responsibility for those activities and reports to their respective Deputy Minister. The MOES will work closely with other relevant ministries and agencies. For example, MOES will work closely with MOLME on the detailed survey of employers and with MOF, inter alia, on the higher education financing assessment.

43. The Unit for Marketing, Property and State Procurement (UMPSP) and Department for Accounting and Financial Reporting (DAFR) of the MOES will have the overall responsibility for

procurement and financial management of the project, respectively. The UMPSP Head will be responsible for ensuring the Bank Procurement and Consultant Guidelines (as specified in Annex 3) are fully applied under the project. The DAFR Head will be responsible for using an adequate accounting system in line with the International Accounting Standards (IAS), regularly monitoring expenditures and timely reporting, and managing applications for disbursement following procedures described in the POM. The UMPSP and DAFR will be supported by a FM Specialist and a Procurement Specialist financed by the project to maintain a satisfactory procurement and financial management systems throughout project implementation.

44. The Procurement Specialist will assist the UMPSP to work with the MOES staff from the coordinating/implementing departments to develop and periodically revise annual procurement plans, monitor their timely implementation, and report to the UMPSP Head and the Project Coordinator on potential issues of concern. The Specialist will also support the unit in assisting/training HEIs to implement procurement under CGP in accordance with the Project Operational Manual (POM).

45. The FM Specialist will assist the DAFR to maintain accounts and records for the project, prepare periodic financial reports and have annual financial statements audited by independent auditors acceptable to the Bank. The DAFR Head will be responsible for using an adequate accounting system in line with the International Accounting Standards (IAS), regularly monitoring expenditures and timely reporting, and managing applications for disbursement following procedures described in the POM. The Specialist will also support the DAFR in assisting/training HEIs on FM under CGP in accordance with the POM.

46. Currently the MOES has a person in charge for environment within the Department of Capital Construction (DCC), who oversees this aspect of implementation under the Fourth Global Partnership for Education Fund Grant (GPE-4), and this person will also be responsible for implementing the requirements of environmental safeguards policies in this higher education project.

47. Where needed, the MOES units responsible for implementing particular activities will be supported by technical specialists (consultancy services) to support implementation; they will be placed in those units.

48. The Government will establish an Inter- ministerial Steering Committee (ISC) to oversee and make critical decisions related to sub-components 1.1 and 1.2. Inter alia, the ISC's responsibilities will include reviewing and approving the Operation Manuals for sub-components 1.1 and 1.2 (Just-in-Time Grants and CGP programs, respectively), finalizing the selection criteria for the grants, and designing the technical audit's methodology. The ISC will conduct discussions and consultations on critical issues related to HEIs and employers (e.g., grant selection criteria, methodology for technical audit of the grants, etc.). The ISC will establish an Inter-Ministerial Evaluation Committee (IEC) to evaluate the grants proposals as per the selection criteria adopted by the ISC and recommend the grant winners for the ISC's review and approval.

B. Results Monitoring and Evaluation

49. The MOES will be responsible for coordinating M&E activities, including monitoring the Project Development Objective level and intermediate result indicators through (i) regular data collection; (ii) baseline and follow-up surveys; and (iii) reports prepared by the beneficiary institutions such as the RMTC and SASSE and HEIs. The MOES will also arrange independent technical audit for CGP Sub-projects.

50. A Specialist for Monitoring and Evaluation (M&E Specialist) will be responsible for collecting and analyzing project-specific data as listed under the project's Results Framework (Annex 1), overseeing all M&E activities as stipulated in the POM. The Specialist will coordinate with the FM Specialist to prepare consolidated reports on the project's physical and financial progress. S/he will be responsible for producing bi-annual project implementation progress reports and will be reporting to Deputy Minister on Economic Issues.

C. Sustainability

51. Overall, the project is not expected to generate recurrent costs as the Competitive Grants Program is not committed to be an on-going funding instrument. To ensure the impact of the CGP Sub-projects will be sustainable, one criterion for awarding Sub-projects will be the proposal's plan to sustain the actions and/or results in the future.

52. The higher education financing assessment may yield a recommendation and draft legislative amendments to diversify the funding mechanisms available to the MOES. For example, a competitive fund aimed at specific policy objectives, similar to the CGP, may allow the government to continue funding high-priority initiatives. The decision to implement recommendations from the higher education financing study will, however, be the responsibility of the government.

53. The sustainability of the proposed project will largely depend on the degree of ownership the government and HEIs take with the project's key activities. Quality assurance activities, for example, will depend on the capacity developed in both SASSE staff and internal quality assurance teams within HEIs and their willingness to foster a culture of evaluation.

54. Ongoing enhancements to the labor-market relevance of academic programs will depend on the willingness of university staff, employers, and policy makers to continuously collaborate and update the curriculum. Once institutionalized, the outcomes of the graduate tracer studies can serve as an important accountability metric and provide an incentive for HEIs to continuously improve.

55. The detailed employer survey is expected to occur in partnership with other ministries, including the MOF, MOLME, and MOEDT. During design, roles and responsibilities for each ministry should be determined based on the skills and expertise available. For example, MOLME may already have in-house expertise to institutionalize the survey and make specific data available to the MOES for education-related policy decisions.

56. Importantly, the sustainability of the project's results will also largely rely on the government's ability to implement recommended changes to the legal, organizational, and financial framework for higher education. Both the reform of selected academic standards and the development of an

institutional accreditation process will be done on a pilot basis. The government will have to decide how best to incorporate lessons learned and scale-up those initiatives under a revised legal, organization, and financial framework in order to ensure sustainability.

V. RISKS AND RISK MITIGATION

Risk Categories	Rating (H, S, M or L)
1. Political and governance	Substantial
2. Macroeconomic	High
3. Sector strategies and policies	Substantial
4. Technical design of project or program	Moderate
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and social	Moderate
8. Stakeholders	Moderate
9. Other	N/A
Overall	Substantial

57. While project design is moderately simple and the total project cost relatively small, the overall risk rating is considered *substantial* driven by concerns related to uncertainties in the macroeconomic environment, the education sector’s strong reliance on donor support and funding, the implementing agencies’ limited implementation capacity, and potential stakeholder resistance.

58. *Political and governance.* Reforms to higher education are often politically challenging and face opposition from various stakeholder groups with somewhat competing interests. To mitigate, the project is designed to engage with stakeholders early and often to ensure a transparent decision-making process.

59. *Macroeconomic.* The uncertainty of the macroeconomic environment, the return of migrant workers and reduced remittances are likely to increase fiscal pressures, unemployment and poverty. This may in turn impact the government’s ability to focus on higher education reforms. To mitigate this risk, the project has incorporated several activities (e.g., labor market survey, grants for short-term courses) that may help inform and support the government’s response to the changes in the macroeconomic environment. Other activities within the country program are being proposed or designed to address other aspects of the macroeconomic risk as well.

60. *Sector strategies and policies.* Although sector strategies and organizational structures are in place to implement the strategy, Tajikistan’s education sector is heavily reliant upon donor support and funding. While development partners are expected to remain engaged, it does imply a level of risk for the education sector, broadly speaking, related to sustainability and capacity. A few development partners have engaged in institution-specific initiatives within the higher education sector, but there are no other development partners providing subsector-wide support and funding for higher education. While the project presents a significant opportunity for the MOES to impact the sub-sector, it also carries with it some risk related to the MOES capacity to introduce system-level changes.

61. *Institutional capacity for implementation and sustainability.* Given the many entities (e.g., MOES, SASSE, RMTTC, universities, other ministries, etc.) involved in the implementation of the project, project coordination is complex. For the Competitive Grants Program, an Inter-ministerial Steering Committee with representatives of participating ministries will be established, charged with oversight, and expected to mitigate emerging risks.

62. *Environment and social.* Though child and forced adult labor are against the laws of Tajikistan and reported instances have decreased dramatically, there continue to be documented and anecdotal reports, albeit sporadic, of mobilization of child and forced adult labor, including in higher education institutions. As the mobilization of students and staff in higher education institutions cannot be ruled out completely, project design includes the following measures to minimize this risk: (i) requiring that institutions receiving funding under the project enforce a policy of no mobilization of students or staff to pick cotton during school hours; (ii) supporting existing outreach efforts; and (iii) establishing a Grievance Redress Mechanism.

63. *Stakeholders.* For stakeholders, the risk is largely driven by a subset of rectors and/or teachers who are resistant to change and, as a result, may not actively support the curriculum modernization efforts. Both of these groups can have significant political influence, so stakeholder consultations and communication plans will be important instruments to monitor and mitigate this risk.

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

64. Broadly speaking, a regression analysis of inter-state data across a large cross-section of developing and developed countries²⁰ found a strong correlation between higher education and economic development. It was empirically shown that higher education: (i) enhances the earnings of individuals and contributes to economic development; (ii) makes a significant contribution to reduction in absolute as well as relative poverty; and (iii) is related to human development indicators which reflect other private and societal dimensions (e.g., reduces infant mortality, increases life expectancy). From an economic perspective, the results in Tajikistan are largely consistent.

65. For the proposed project, a cost-benefit analysis was used to quantify the benefits of: (i) a just-in-time response to re/up-skilling anticipated returning migrants and domestic workforce in general (sub-component 1.1); (ii) competitive grants for HEIs (sub-component 1.2); (iii) quality assurance enhancements (sub-component 2.1); and (iv) system-level curriculum reform (sub-component 2.2), and compare them against the project's direct and indirect costs.

66. The project is expected to generate economic benefits in three key areas:

- a. **Wage premium:** The project will focus on improving the quality of graduates emerging from specific programs that are selected based on the labor market needs. These graduates are expected to benefit from higher wages resulting from the improved qualifications. The wage premium of university graduates compared to general secondary graduates in

²⁰ J.B.G.Tilak. Post-elementary education, poverty and development in India and Role of post-basic education in alleviation of poverty and development. Centre of African Studies, University of Edinburgh.

Tajikistan is estimated to be around 40 percent, which is relatively low compared to other countries in the region. The project is expected to contribute to an increase in the wage premium by improving the qualifications of university graduates.

- b. **Reduced employer transaction costs:** Employers stand to benefit from being able to access and hire a more qualified workforce. Consultations with employers revealed that recent hires, although possessing the necessary certificates, require intensive orientation and preparation to perform the key functions of their new jobs. On average, this training lasts three months. The project aims to reduce the training period needed to prepare recent hires for their new jobs. Reducing the training period will lower the amount of time spent by experienced workers training their new colleagues – from three months to one month – and will allow new hires to begin performing their duties sooner.
- c. **Returning migrant workers:** Tajikistan’s close linkages to the Russian economy create predictable and unpredictable risks to the economy. The economic downturn in Russia is anticipated to force many Tajik migrants to return home. Returning migrants tend to possess significantly higher cognitive and non-cognitive skill outcomes than non-migrant peers. However, few signaling devices exist to formally acknowledge the competencies migrants gained abroad. The project will provide upskilling and retooling based on employer demand, and the capacity of education providers, to reintegrate returning migrants in the labor market.

67. The baseline scenario presents an NPV of USD 44.5 million, and a benefit-to-cost ratio of 4.3, which indicates that the proposed project is a promising investment in higher education. The sensitivity analyses performed confirmed that the project yields positive net benefits and proves to be a viable investment (see Annex 5 for detailed Economic and Financial Analysis).

B. Technical

68. The proposed project is designed to reflect a number of international good practices in a well-balanced manner to support the government in transforming Tajikistan’s higher education system to be aligned with the Bologna requirements. The project also takes into account the capacity of the higher education sector, which has not been supported by development partners on a large scale, to implement major reforms and focuses on the most impactful reform priorities based on a solid sector analysis.

69. First, competitive funding is one of the most effective policy instruments to steer HEIs to achieve common goals set for higher education (e.g. relevance, access) and to provide them with incentives to maximize desired outputs with limited resources. Under the Competitive Grants Program, the project will provide a wide range of capacity building activities for HEIs as well as necessary goods and services to implement proposal-based, competitive project activities at institutional level. The proposed project will also support a thorough review of higher education financing and propose a new higher education financing scheme for the government’s consideration and potential approval.

70. Second, a most effective way to modernize the curriculum and make it labor-market relevant is to involve primary beneficiaries of graduates, *i.e.*, employers, in the curriculum development

process. The proposed project will involve both the government agencies (e.g., RMTTC) and HEIs in reforming the curriculum with employer input. It will also ensure that the CGP and other activities provide necessary funding to train teachers to deliver the revised curriculum.

71. Third, there is robust international literature verifying the importance of effective external and internal quality assurance mechanisms for the enhancement of quality and relevance. While HEIs' periodic self-assessment is the foundation to assure quality and relevance at the institutional level, a supportive external quality assurance mechanism pushes HEIs to be aligned with standards and guidelines and promotes consistency across the system. Hence, the project supports the enhancement of both functions to complement each other.

C. Financial Management

72. All fiduciary functions for the proposed project, including financial management and disbursement, will be carried by the MOES' Department for Accounting and Financial Reporting (DARF) with support received from the FM Consultant financed by the project. The MOES has prior experience implementing IDA and Global Partnership for Education financed projects; it is currently the implementing agency for the fourth Global Partnership for Education Fund Project (GPE 4) and in the past implemented the Third Fast Track Initiative Catalytic Fund Project (FTI-3) which was completed on June 30, 2013 and the Additional Financing for the Education Modernization Project (EMP-AF) which was completed on July 31, 2013. The financial management arrangements at the MOES including accounting and reporting arrangements, internal control procedures, planning and budgeting, external audits, funds flow, organization and staffing arrangements are assessed as satisfactory. This assessment indicates that the existing FM arrangements in the MOES satisfy the Bank's fiduciary requirements and financial management operational policies. The overall project risk for FM was assessed as substantial. Upon completion of three agreed FM actions (see Annex 3), the fiduciary risk will become moderate.

D. Procurement

73. The Bank conducted a procurement capacity assessment of the MOES and found it satisfactory. The risks associated with procurement and mitigation measures were identified in the assessment of the agency's procurement capacity (see Annex 3). An initial procurement plan for the first 18 months covering all sub-components except for sub-components 1.1 and 1.2 was developed by the MOES and reviewed and approved by the World Bank team. The procurement plan will be updated from time to time or at least once a year, and each update will be subject to the Bank's prior review. The initial procurement plan and subsequent updates will be published on the Bank's external website in line with the Bank's requirements. Under sub-components 1.1 and 1.2, procurement for the Sub-projects following ICB and NCB procedures and consulting services by firms will be handled by the MOES, and shopping procedure and individual consulting services will be handled by HEIs depending on the procurement capacity as determined by assessments carried out by the World Bank and the institutional arrangement of the HEIs. The application submitted for each Sub-project must include a procurement plan. Further, procurement arrangements for Sub-projects will be detailed in the Project Operation Manual.

E. Social (including Safeguards)

74. *Social Safeguards.* OP 4.12 is not triggered. The project will not finance activities which result in the impacts detailed in OP 4.12. Any minor works under the Competitive Grants Program will only be financed if they take place within the existing footprint of the educational facilities and do not result in any physical and/or socio-economic displacement.

75. *Social Impact.* Under sub-component 2.3, the project will finance an assessment of Tajikistan's higher education financing system which will, among other things, specifically look at the role of student funding and support (in particular with regard to tuition fees, loans, scholarships, etc.) to understand how the current approach does or does not contribute to equity in access to higher education. The assessment will provide recommendations, pulling from global good practices, to alter the funding model so as to improve access to under-represented populations²¹ such as students from rural areas, those of low socio-economic status, etc.

76. *Gender.* Project design recognizes the challenges that females face in enrolling in and completing higher education and in transitioning to the labor force. As a result, in addition to the gender-related mainstreamed activities (short term courses, CGP, HE financing assessment, graduate tracer studies, etc.), it includes interventions to support women directly as follows. First, under sub-component 1.2 the project will dedicate no less than seven percent of the CGP budget to finance proposals targeting female students. These support services may include residential programs, mentoring programs with women in the workforce, speaker series, workshops on job searching, etc. to address the challenges female students face. Second, workshops on the results from the female student services assessment supported by the preparation Trust Fund will be shared with a broad audience in an effort to inform proposals. The CGP selection committee will also receive gender training, based on the assessment, to increase their awareness of existing services in Tajikistan and good global practices for supporting female students in higher education. Third, an indicator related to this sub-intervention has been included in the results framework to support monitoring. Collection of gender disaggregated data is also included to monitor the participation of women in other activities of Component 1.

77. *Citizens Engagement.* Project design includes elements of feedback and input from a broad range of actors. First, under sub-component 1.2, project design calls for the MOES and HEIs to work with local NGO partners in the development of student support initiatives to benefit female students. Second, in an effort to obtain citizen input on the higher education financing study (sub-component 2.3) the MOES will conduct consultations of its results by publishing them online for citizen comment and arranging roundtables with the stakeholders as part of validation and finalization of the report. Third, the MOES will design a mechanism to collect beneficiary feedback throughout the proposed project's implementation. Students, professors, and participating employers will complete written evaluations at several different points in project implementation to obtain feedback on their involvement with the process and understand their satisfaction with the outcomes. After each academic specialty cluster is revised as part of sub-component 2.2, evaluation results will then guide and inform the revision process for the remaining clusters of academic specialties.

²¹ Ajwad, M.I., et al., 2014

78. *Other.* Children and students have in the past been the subject of systematic mobilization by local authorities to work on cotton harvests. The practice has declined significantly in the past five years, facilitated by a combination of factors including the collapse of the cotton sector, land reform and the fragmentation of collective farms, a reduction in the government's administration of the sector,²² and changes in the acceptability of the practice. Forced child and adult labor are against the laws of Tajikistan,²³ but there continue to be documented and anecdotal reports, albeit sporadic, of mobilization of labor and forced child/adult labor, including in institutions of higher education.

79. As the mobilization of students (and employees) in higher education institutions cannot be ruled out completely, the project will mitigate such risks by including the following in project design:

- (a) Institutes receiving funding under sub-components 1.1 and 1.2 will be required to enforce a policy of no mobilization of students or staff to pick cotton during school hours;
- (b) The project will support existing outreach efforts by including relevant messaging in the projects' communication campaign; and
- (c) The project will allow for channeling of complaints and/or feedback through the Grievance Redress Mechanism discussed below (which would then be channeled to relevant state agencies).²⁴

80. *Grievance Redress Mechanism (GRM).* A GRM will deal with a broad range of complaints if any including those related to the CGP's grants, implementation of the short-term courses, curriculum redesign, concerns over student participation in forced labor activities, etc. The MOES will support a GRM and assign responsibility for tracking complaints, monitoring the resolution process, and providing updates to the World Bank. The GRM will be detailed in the Project Operational Manual. The MOES has its internal system to receive and address complaints and has experience with a GRM and built capacity as part of the GPE-4 project.

81. Communities and individuals who believe that they are adversely affected by specific activities financed by the proposed project may submit complaints to the responsible country authorities, appropriate local/national GRMs, or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received be promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's Independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For

²² Under the USSR cotton production quotas were set centrally and subsequent quotas at the local level were set by the Ministry of Agriculture. RT Resolution No. 111 of March 5, 2007: The resolution specifically deals among other issues with that of termination of government interference in cotton production.

²³ The minimum employment age is 15 with restrictions on what type of work can be done and hours worked by workers under 18 (including those in school).

²⁴ Through the existing referral service under the Inter-Ministerial Commission for Countering Trafficking in Persons (IMCCTIP).

information on how to submit complaints to the World Bank's Independent Inspection Panel, please visit www.inspectional.org.

F. Environment (including Safeguards)

82. According to the World Bank safeguards policy on environmental assessment (EA, OP 4.01), the project is rated as Category B as it may generate some environmental and social impacts. In particular, the sub-component 1.2 of the project includes potential civil works at HEI premises which will be of small scale and not expected to cause significant or irreversible negative social and environment impacts. While these impacts are expected to be mostly positive, the proposed project might also generate some adverse impacts which will be associated with air pollution, dust, noise, construction wastes, asbestos, occupational hazards, etc. All these adverse impacts are expected to be minor, temporary, and site specific, and can be easily avoided and/or mitigated during project implementation. To address these impacts, an Environmental Management Framework (EMF) was prepared by the Client and will be applied to all relevant project activities. The EMF: (i) outlines the general anticipated environmental risks and impacts and associated mitigation measures, (ii) describes the process and provides specific guidance on contents for preparation of a Checklist Environmental Management Plan (EMP) and site-specific EMPs; and (iii) indicates institutional responsibilities for preparation, review/approval, implementation and monitoring/reporting of the EMPs.

83. In addition, as the project might include the refurbishment of campus laboratories and the purchase of hardware equipment, the EMF also covers good practices in the renovated/constructed laboratories including dealing with hazardous substances and using animals as test systems. Per World Bank requirements, the EMF has been disclosed and consulted in the country.

84. Currently the MOES has a person in charge for environment within the Department of Capital Construction (DCC), who oversees this aspect of implementation under the Fourth Global Partnership for Education Project (GPE-4), and this person will also be responsible for implementing the requirements of environmental safeguards policies on this project.

Annex 1: Results Framework and Monitoring

Country: Tajikistan

Project Name: Higher Education Project

Results Framework

Project Development Objectives

PDO Statement

The objective of the project is to develop mechanisms that improve and monitor the quality and labor-market relevance of higher education.

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	YR6 End Target
Number of clusters of academic specialties with standards revised utilizing a process that incorporates employer feedback. (Number)	0	0	2	5	5	5	5
New quality assurance standards and guidelines, aligned with Bologna Process, for institutional accreditation are developed, piloted, and approved by the government. (Text)	Standards and guidelines not aligned with Bologna Process.	Standards and guidelines not aligned with Bologna Process.	Standards and guidelines developed.	Standards and guidelines piloted in three HEIs.		Standards and guidelines approved.	Standards and guidelines approved.

Percentage of peer reviewed CGP sub-grants that are assessed to have improved the quality and relevance of the targeted program. (Percentage)	0	0	0	50	60	60	65
Percentage of HEIs conducting graduate tracing surveys to monitor employment outcomes of alumni. (Percentage)	0	0	20	30	40	40	40

Intermediate Results Indicators

Indicator Name	Baseline				Cumulative Target Values		
		YR1	YR2	YR3	YR4	YR5	End Target
Number of students enrolled in short-term offerings (courses or programs) developed in response to labor market demand. (Number)	0	0	200	400	600	800	1,200
Sub-indicator: Number of female students enrolled. (Number)	0	0	50	100	150	200	300
Number of CGP Sub-projects that engage employers to implement at least one strategic initiative focused on improving relevance. (Number)	0	0	0	12	24	24	30
Number of female students receiving custom academic and student support services. (Number)	0	0	0	600	1,200	1,700	2,000
Number of HEIs that complete a pilot institutional accreditation process in accordance with the newly developed accreditation standards and guidelines. (Number)	0	0	0	0	3	3	3
Number of working groups established to revise curriculum for selected clusters of academic specialties.	0	1	3	4	5	5	5
Draft legislative amendments to improve the performance-orientation of the higher education financing system are submitted to the government, and an action plan is proposed by the MOES/MOF/MOEDT. (Text)	No assessment conducted.		Recommendations are submitted to the government approval.	An action plan is developed and proposed by			Draft legislative amendments are developed and

				MOES/MO F/MOEDT.			proposed by MOES/MO F/MOEDT.
Number of NGOs involved in the implementation of project-related activities. (Number)	0	0	0	2	3	3	3
MOES responds and/or resolves the grievance received within the stipulated service standard for response times. (Percentage)	0	90	90	90	90	90	90
Direct project beneficiaries. (Number) - (Core)	0	0	0	50/2,500	125/7,000	175/10,000	250 professors; 15,000 students
Sub-indicator: Female beneficiaries (Percentage - Sub-Type: Supplemental) – (Core)	0	0	0	30	30	40	40

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of clusters of academic specialties revised utilizing a process that incorporates employer feedback. (Number)	Based in large part on outcomes of the detailed employer survey, the project will also finance the redesign of select clusters of academic specialties that are in high demand by the labor market. Working groups will be established for each specialty cluster and include local and international experts as well as employers.	Annual	Progress report on 2.2	MOES/RMTC

New quality assurance standards and guidelines, aligned with Bologna Process, for institutional accreditation are developed, piloted, and approved by the government. (Text)	The project supports the piloting of an institutional accreditation process that is more closely aligned with European Standards and Guidelines for quality assurance. Upon the completion of the pilot accreditation, the standards and guidelines need to be “approved” by the government. ²⁵	One time	Guidelines and standards for pilot institutional accreditation process	MOES
Percentage of peer reviewed CGP sub-grants that are assessed to have improved the quality and relevance of the targeted program. (Percentage)	Peer reviews will be conducted by selected professors and employers to evaluate how effective CGP-funded activities were in meeting their objectives (i.e., improving quality and relevance). Since the number of CGP grants is unknown, it will later be decided if all projects are assessed or a randomly selected sample. The assessment will be based on pre-defined criteria to be identified in the CGP Manual.	At the end of each CGP round	Progress report	MOES
Percentage of HEIs conducting graduate tracing surveys to monitor employment outcomes of alumni. (Percentage)	Graduate tracer studies are one of the project’s first activities. Using a centrally designed tool and approach to ensure consistency, HEIs are required to conduct a graduate tracer study to participate in the CGP.	Annual	Progress report	MOES

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of students enrolled in short-term offerings (courses or programs) developed	Based on existing assessments of employer demand, a number of subjects for short-term offerings will be identified. Just-in-Time	Semi-annual	Just-in-Time Grants M&E reports	MOES

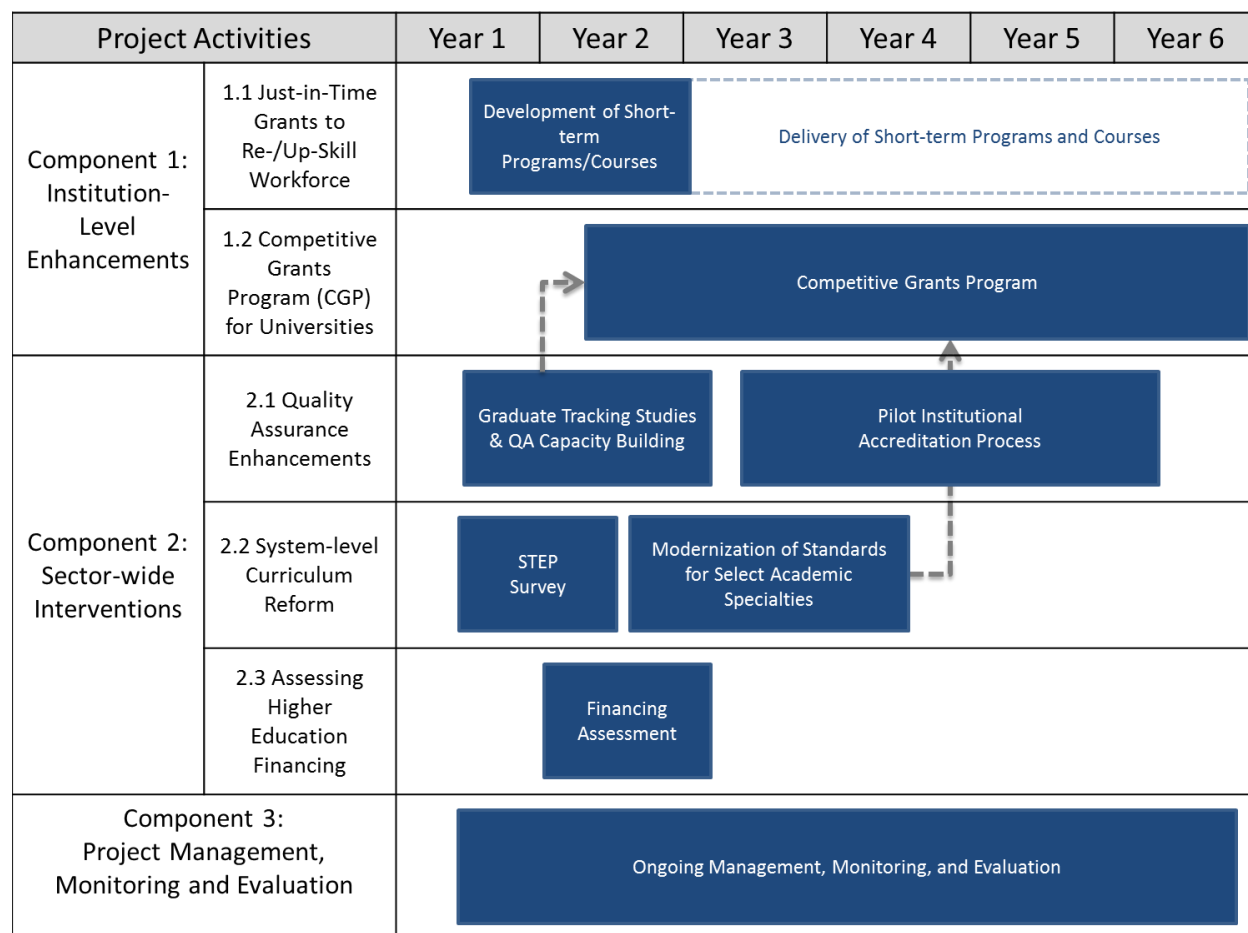
²⁵ “Approved” - as opposed to “adopted” - is used because approvals can be completed without a governmental decree. Depending on the requirements of the QA changes, the Government of Tajikistan will seek adoption or approval as appropriate.

in response to labor market demand. (Number)	Grants will be awarded to different education providers (HEIs, colleges, and training centers) to develop short-term programs/courses that align with the sectors, skills, and competencies in immediate demand. Education institutions may partner with employers and other institutions for the development of offerings. The target audience will be individuals, including returning migrants and secondary education graduates entering the labor market with limited work experience, in need of up-skilling or retooling (e.g., entrepreneurship, business management, IT skills, etc.).			
Sub-indicator: Number of female students enrolled. (Number)		Semi-annual	Just-in-Time Grants M&E reports	MOES
Number of CGP Sub-projects that engage employers to implement at least one strategic initiative focused on improving relevance. (Number)	To improve the relevance of their academic programs to respond to the labor market demand, HEIs are expected to engage employers in revising curriculum, arranging internships, inviting employer lectures, etc.	At the application and closing stages for the CGP rounds	CGP M&E reports	MOES
Number of female students receiving custom academic and student support services. (Number)	The CGP will have a Window targeting female students as beneficiaries. NGOs are expected to partner with HEIs to provide custom support services for female students. It is, however, not a requirement that HEIs partner with NGOs.	At the end of each CGP round	CGP M&E reports	MOES
Number of HEIs that complete a pilot institutional accreditation process in accordance with the newly developed accreditation standards and guidelines. (Number)	Three higher education institutions will be selected to participate in a piloting of the new standards, guidelines, and process for institutional accreditation.	Annual	Progress Report	MOES
Number of working groups established to revise curriculum for selected clusters of academic specialties. (Number)	For each of the selected academic specialties, a working group (MOES/RMTC representatives, local academic experts, international academic experts, employer representatives, etc.) must be assembled to review and revise the state standards.	Per specialty in sub-component 2.2	Progress Report	MOES

Draft legislative amendments to improve the performance-orientation of the higher education financing system are submitted to the government and an action plan is proposed by the MOES/MOF/MOEDT. (Text)	The project supports the analysis of the existing higher education financing system and the development of a new model to be agreed with the key government ministries. The project supports the development and submission of the legislative amendments to the final decision maker (i.e., parliament and/or the President) for consideration.	Annual	Progress Report	MOES
Number of NGOs involved in planning and implementation of project-related activities. (Number)	There are a number of NGOs which are active in supporting female students. NGOs are expected to partner with HEIs in specific Sub-projects to be funded under the CGP.	Annual	Progress reports; CGP M&E reports	MOES
MOES responds and/or resolves the grievance received within the stipulated service standard for response times. (Percentage)	The MOES, as the Project Implementation Agency, will monitor its Grievance Redress Mechanism.	Semi-annual	Progress reports	MOES
Direct project beneficiaries (Number) – (Core)	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.	Annual	Progress report	MOES
Sub-indicator: Female beneficiaries (Percentage – Sub-Type: Supplemental) – (Core)		Annual	Progress report	MOES

Annex 2: Detailed Project Description
TAJKISTAN: Higher Education Project

- The project consists of three components: (i) institutional-level improvements; (ii) system-level interventions; and (iii) project management, monitoring, and evaluation.
- The graphic below is time-orientated to convey the sequence and inter-relationships of the proposed activities.



COMPONENT 1: Institutional-Level Improvements (USD 12.7 million equivalent)

- This component supports institutional-level improvements through the following two sub-components:

Sub-component 1.1: Just-in-Time Grants to Re-/Up-Skill Workforce (USD 1.0 million equivalent)

- One in three Tajik men age 20–39 are currently abroad, and more than 90 percent of these labor migrants are in the Russian Federation working mostly in construction, trade, housing and cleaning services, agriculture, and maintenance. With the deepening economic crisis in Russia,

Tajikistan must be prepared for a significant portion of these migrant workers to return. The returning migrants typically have a secondary education diploma and have significantly higher cognitive and non-cognitive skill outcomes than non-migrants.

5. Based on a call for proposals, grants will be awarded to education service providers (i.e., universities, colleges, and training centers) to develop and deliver short-term programs/courses that align with the sectors, skills, and competencies in immediate demand. The target audience will be any individual in the job market, including returning migrants (both male and female) and secondary education graduates entering the labor market with limited work experience in need of up-skilling or retooling (e.g., entrepreneurship, business management, IT skills, etc.). The Government will establish an Inter-ministerial Steering Committee (ISC) (with representatives from MOES, MOF, MOEDT, and MOLME) to oversee the activity. Education service providers will submit proposals that will be reviewed on a competitive basis by an Inter-ministerial Evaluation Committee (IEC) using a pre-defined set of scoring criteria, which will be developed in consultation with selected local employers, instructional design experts, and seasoned experienced trainers. The IEC will review proposals and make recommendations to the ISC. Collaboration across institutions will be encouraged. A communications campaign will ensure all eligible institutions and potential enrollees are aware of the activity.

Sub-component 1.2: Competitive Grant Program for Universities (USD 11.7 million equivalent)

6. Acknowledging the importance of institutional diversification, this initiative provides grants on a competitive basis to HEIs to fund demand-driven initiatives. Importantly, the Competitive Grant Program is intended to support one-time investment opportunities and not on-going operating expenses. In their proposal, HEIs will have to describe how they intend to assume any on-going operating expenses to ensure the impacts of the investment are sustainable.

7. During the first year, activities related to the development of the CGP would occur (i.e., training for HEIs and the committee members, institutional needs assessment, etc.). Shortly thereafter, the CGP would operate a limited first round, wherein a small amount of funding will be made available. After implementation of the first round, the GoT and WB will agree on improvements to the CGP, as needed, before a second, larger round is offered. The main objectives of the fund are two-fold: 1) improving labor-market relevance through updated curriculum, academic offerings, teacher development, career services, laboratories, equipment, and learning materials with the support of pedagogical experts and employers; and 2) improving the provision of support services to female students, the proposed Sub-projects should design and strengthen mechanisms for to facilitate female students' to enrollment and completion of higher education and then transition into the labor market, including but not limited to residential programs, mentoring programs with women in the workforce, speaker series, job search workshops, etc.

8. The MOES has been awarded a Recipient-Executed Grant to support the preparation of the project from the Europe and Central Asia Region Capacity Development (ECAPDEV) Trust Fund. Among other things, the Grant will fund two activities in preparation for the CGP. First, an international consultant will work with MOES/RMTC representatives to recommend specific activities to improve the labor market relevance of higher education in Tajikistan based on good global practices. Second, a consultant will also partner with MOES officials to perform a current

state assessment of services targeting female students across Tajikistan's higher education system and then provide an overview of good global practices to increase the enrollment, retention, and graduation of female students as well as their subsequent transition into the workforce. The outcomes of these two consultancies, expected to be delivered prior to the project's Effectiveness, will be disseminated to MOES officials, university representatives, related NGO leaders, and other interested higher education stakeholders. The output should guide and inform applications from higher education institutions and NGOs to the Competitive Grant Program.

9. The CGP will be established and overseen by an Inter-ministerial Steering Committee (same as the ISC for sub-component 1.1) with representatives from the MOES, Ministry of Finance, Ministry of Economic Development and Trade, and Ministry of Labor and Social Protection. To participate in the CGP competition, institutions will have to meet certain pre-conditions, including the submission of results from graduate tracking studies and the implementation of an anonymous dropbox for students to report unethical behaviors without retribution. Participating universities must also complete a needs-assessment training offered as part of the program. The trainings will provide institutions with support for completing the application and, more importantly, to build strategic planning capacity. This should also help universities diagnose needs that are consistent with the CGP's objectives. An Inter-ministerial Evaluation Committee (IEC) will be established to evaluate proposals using a pre-defined set of scoring criteria, which will be developed in consultation with selected local employers and HEI representatives. The IEC will make recommendations to the ISC, which will make the final selection decision. Examples of potential selection criteria include:

- **Projected Impact:** The proposal should demonstrate clearly how the initiative improves labor-market relevance and/or supports female students in their pursuit of higher education and transition into the labor market.
- **Sustainability:** This aspect will be evaluated based on the clarity and realism of the plan for sustainability of each proposed activity beyond the lifetime of the CGP. Equally important is the ability to ensure that good practices generated by CGP can also be systematized.
- **Ingenuity and innovation of the proposed program:** Ingenuity and innovation refer to the degree of change anticipated and its impact. Innovation may involve a new idea, process, technology or procedure.
- **Feasibility of implementation:** The proposed activities need to be feasible to implement based on the resources and time available. Unrealistic or over-ambitious targets, inadequate number of qualified staff on the implementation team, a deflated budget, and over-optimistic time frames and assumptions are but few examples of key factors to be avoided.
- **Budget justification and efficiency:** The budget needs to be based on a thorough study of the financial resources required for the proposed activities, as well as the capacity of the institution to manage and disburse the funds as they are being used.

10. The CGP manual will identify a list of ineligible expenses. Monitoring and evaluation will be a shared responsibility with recipient institutions monitoring at the Sub-project level and the implementing agency evaluating activities at program level.

COMPONENT 2: System-Level Interventions (USD 1.7 million equivalent)

11. This component supports interventions at the system level through the following three sub-components:

Sub-component 2.1: Quality Assurance Enhancements (USD 0.7 million equivalent)

12. This sub-component supports capacity development for monitoring and improving quality. Activities to be supported include: a) Implementing minimum standards for conducting and reporting graduate tracer studies; b) Building capacity of the relevant government authority and HEIs to operate in a manner more consistent with European Standards and Guidelines (ESG) for quality assurance; and c) Developing, piloting, and approving new standards and guidelines for institutional accreditation and internal quality assurance at three representative institutions.

13. Given the strong demand for higher education outcomes that are more aligned with or relevant to the labor market demands, the project will start with the implementation of periodic graduate tracking studies for HEIs. This will be a significant introduction to most institutions and will require substantial capacity-building activities (alternative approaches from other countries, interpretation of the data, evolution of instruments over time, etc.). A working group will be established and led by the Ministry of Education and Science (MOES) to engage with international and local experts on the design of the graduate tracking instrument(s), and the project will support implementation across the sector. This activity will contribute to the project's objectives in several ways: a) an initial indication to stakeholders, including students and employers, on the quality and relevance of academic offerings; b) an accountability metric for the MOES to monitor performance of HEIs; and c) an incentive for HEIs to continuously improve the quality and relevance of their offerings to the labor market as a way of establishing or increasing market position. A successful introduction of the graduate tracer study would be a prerequisite to participate in the Competitive Grant Program.

14. Tajikistan has expressed a commitment to joining the Bologna Process by 2020, so the project aims to better align the quality assurance function with the European Standards and Guidelines (ESG). The State Agency for Supervision in the Sphere of Education (SASSE) under the MOES is in charge of external quality assurance in Tajikistan. Year One and Two activities will largely focus on capacity-building for relevant stakeholders to transition SASSE's activities for accreditation to be more aligned with ESG. Training will be delivered to the SASSE staff, relevant MOES staff, HEI staff, and external reviewers for the design and implementation of the external QA Mechanism, including the development of standards and guidelines for institutional accreditation.

15. Whereas the first two years will focus on capacity-building activities and the development of standards and guidelines for institutional accreditation, the latter years of the project focus on piloting and applying the institutional accreditation process, standards, and guidelines. At least three universities will then participate in a pilot for the new institutional accreditation process, standards, and guidelines. The three institutions will also receive technical assistance to strengthen their internal quality assurance functions. Based on the outcomes of the pilot, revisions will be made and the overall external quality assurance framework for institutional accreditation will be approved.

Sub-component 2.2: System-wide Higher Education Curriculum Reform (USD 0.8 million equivalent)

16. This sub-component supports the reform of state-defined curriculum. University-level academic standards in Tajikistan have two components: 1) state-mandated requirements for general disciplines and 2) requirements of the academic specialty. The MOES/RMTC is currently responsible for the state-mandated general education standards as well as the standards for each specialty. Activities to be financed under this sub-component include: a) Conducting a detailed employer survey similar to the *Skills Towards Employability and Productivity (STEP)* measurement survey; and b) Revising the state-defined curriculum for 5-7 clusters of academic specialties (based on the outcomes for the employer survey and relevant salary/wage trends) with input from local and international experts as well as employers to reflect the cognitive and transversal skills in demand by Tajikistan's new and evolving economy (e.g., entrepreneurship and innovation). In total, the 5-7 academic clusters are expected to cover more than 40 academic specialties.

17. To understand which economic sectors are demanding what skills, the project will finance a detailed *employer engagement survey*. While general agreement exists on the demand for 'new economy' higher education skills and competencies, this in-depth employer survey will provide a better indication of what higher education disciplines, skills, and competencies will be most important to Tajikistan's economy in the medium term (5-7 years). The project will then employ the outcomes of the survey into the prioritization of academic specialties to be redesigned and modernized. Based on the experience of other countries, the outcomes of the survey are typically available approximately one year after initiation. This survey or other systematic labor market forecasting is a common way to correlate the supply and demand of labor-market skills and competencies. The outcomes can support various policy decisions, including the (re)design of academic offerings or the allocation of state-funded study places by discipline. In addition, the outcomes can be informative to students when selecting their primary field of study.

18. The MOES/RMTC is currently responsible for the state-mandated standards and the standards for each specialty. Universities then propose curriculum or teaching plans to meet those standards, and the MOES, with feedback from the RMTC, approves. Many stakeholders (students, teachers, government officials, etc.) expressed concern with the current distribution of the standards or requirements. Students are required to take too many courses outside of their academic specialty, thereby limiting the depth and breadth of knowledge in their specialty.

19. The process of curriculum redesign will extend throughout the project. To start, the MOES/RMTC will establish working groups responsible for overseeing the redesign process of standards for each of the 5-7 clusters of specialties. Each working group, led by representatives of the MOES/RMTC, is expected to include local and international experts in the field, and - for the first time - select employer representatives from related industries. The involvement of international experts may include a partnership agreement or twinning program with a respected institution abroad. The initial focus will be on modernizing the standards to focus more on learning outcomes, revising the state-mandated state requirements (i.e., Blocks 1 & 2), and updating the specialty-specific requirements of the 5-7 clusters of specialties. The specialties will be staggered and clustered by discipline for review by the working group (and subgroups) for revision. This will allow lessons learned from previous specialties to be incorporated into the process. Capacity-

development activities will also be included to prepare the working group for the revision process. The outputs of this process will be a revised set of standards for select specialties, so universities can then utilize the Competitive Grants Program to fund their development of teaching plans that reflect the new standards.

20. For now, the clusters of academic specialties to be revised will be based on the best available employment projections (current candidates include clusters related to science and math teacher prep, agriculture, economics, business, and engineering). Virtually all stakeholders agreed that teacher preparation specialties, particularly those related to science and math, should be strong candidates for revision. In this manner, this Higher Education Project will contribute significantly to the entire education pipeline. Teacher preparation is also particularly important to Tajikistan because of the youth bulge in its demographics. The education sector, on balance, is expected to receive a larger incoming class year over year for the foreseeable future. By improving teacher training now, Tajikistan can better harness the potential of its youth bulge.

Sub-component 2.3: Assessment of Higher Education Financing (USD 0.2 million equivalent)

21. This sub-component supports an assessment of Tajikistan's approach to financing higher education. It will produce recommendations for a more effective and performance-orientated allocation method that supports key policy objectives.

22. Many stakeholders have suggested that Tajikistan's current approach to funding higher education relies predominantly on the allocation of government-funded study places to support students in specific disciplines at specific institutions on a more or less historical basis and lacks a true performance orientation (i.e., does not encourage responsiveness to labor market needs for specific disciplines). Broadly speaking, such a one-dimensional model does not create incentives to reward quality, strengthen alignment with labor market needs, reduce inefficiencies, or further policy objectives for the higher education system. The proposed assessment will provide a critique of Tajikistan's current funding model for higher education, share practices from other countries, and suggest alternative funding methods for the Government's consideration. The output of this activity will be recommendations to the MOF, MOES, MOEDT, and other broader higher education stakeholder community. This will then be followed by an implementation roadmap and set of proposed amendments to existing legislation. The actual implementation of recommendations may require authorization from other bodies within the Government of Tajikistan and they may or may not be approved during the project implementation period. As envisaged, the study will evaluate the funding model on four dimensions: a) financial autonomy of higher education institutions; b) diversification of financial sources for higher education institutions (tuition fees, market revenues, etc.) and the rules and regulations related to these; c) instruments of public funding of higher education; and d) student funding and support (in particular with regard to tuition fees, loans, scholarships, etc.).

23. As an illustrative example, one recommendation from the assessment may be for the Government of Tajikistan to diversify its approach to funding higher education institutions. Instead of solely relying on study places, part of the funding for higher education could support study places and part could be allocated on a competitive basis to allow the MOES to select certain policy objectives and encourage institutions to compete for funds by proposing initiatives that advance the policy objective and are consistent with the institution's unique profile.

24. This assessment is expected to engage representatives from all higher education stakeholders groups in the process. The consultants are expected to design and implement an extensive consultation process with various stakeholders as a way to build buy-in and help reach consensus. The MOES will also post the key findings and observations from the consultant's report online for public comment.

COMPONENT 3: Project Management, Monitoring and Evaluation (USD 0.6 million equivalent)

25. The activities to be financed under this component pertain to those supporting project management and monitoring and evaluation activities, including goods, consultant services, training, and operating costs. This component, inter alia, will finance the development and execution of a comprehensive communication plan so participants, beneficiaries, and the general public are aware of the activities. Monitoring and evaluation activities will also include a feedback mechanism (e.g., written evaluation forms) for employers that participate in the curriculum redesign process.

Annex 3: Implementation Arrangements
TAJKISTAN: Higher Education Project

Project Institutional and Implementation Arrangements

1. The proposed project will be implemented by the MOES with support of a selected number of technical consultants (many of them full-time). The latter should augment the MOES' management, fiduciary, and technical capacities for project management, implementation and M&E, and will sit in the relevant units of the MOES.
2. Overall responsibility for project management will reside with the Minister of Education and Science, who will be the National Coordinator for the project. The responsibility for day-to-day coordination and oversight of activities will reside with two Deputy Ministers, the Deputy Minister for Higher Education and Deputy Minister on Economic Issues, who will be supported by a Project Coordinator. While both deputy ministers will oversee implementation of the respective project activities, overall project oversight will sit with the Deputy Minister on Economic Issues. The Department for Higher Professional and Post-graduate Education (DHE) will be the key unit in the MOES responsible for the project implementation. The DHE will work closely with other respective departments of the MOES and education system institutions such as the State Agency for Supervision in the Sphere of Education (SASSE) and Republican Methodological and Training Centre (RTMC). The Deputy Ministers, Head of DHE and Project Coordinator will regularly report directly to the Minister and be held accountable for progress.
3. Each project activity will be managed by a respective MOES unit or an education system institution which, as per the MOES regulations, has the primary responsibility for those activities and reports to their respective Deputy Minister. The MOES will work closely with other relevant ministries and agencies. For example, MOES will work closely with MOLME on the detailed survey of employers and with MOF, inter alia, on the higher education financing assessment.
4. The Unit for Marketing, Property and State Procurement (UMPSP) and Department for Accounting and Financial Reporting (DAFR) in the MOES will have the overall responsibility for procurement and financial management of the project, respectively. The UMPSP Head will be responsible for ensuring the *Bank Procurement Guidelines* are fully applied under the proposed project. The DAFR Head will be responsible for using an adequate accounting system in line with the International Accounting Standards (IAS), regularly monitoring expenditures and timely reporting, and managing applications for disbursement following procedures described in the POM. The UMPSP and DAFR will be supported by a Procurement Specialist and a FM Specialist financed by the project to maintain a satisfactory procurement and financial management systems throughout project implementation.
5. The Procurement Specialist will assist the UMPSP to work with the MOES staff from the coordinating/implementing departments to develop and periodically revise annual procurement plans, monitor their timely implementation, and report to the UMPSP Head and the Project Coordinator on potential issues of concern. The Specialist will also support the unit in assisting/training HEIs to implement procurement under CGP in accordance with the Project Operational Manual (POM).

6. The FM Specialist will assist the DAFR to maintain accounts and records for the project, prepare periodic financial reports and have annual financial statements audited by independent auditors acceptable to the Bank. The Specialist will also support the DAFR in assisting/training HEIs on FM under CGP in accordance with the POM.

7. The Government will establish an Inter- Ministerial Steering Committee (ISC) to oversee and make critical decisions related to sub-components 1.1 and 1.2. Inter alia, the ISC’s responsibilities will include reviewing and approving the Operation Manuals for sub-components 1.1 and 1.2(Just-in-Time Grants and CGP programs, respectively), finalizing the selection criteria for the grants, designing the technical audit’s methodology. The ISC will conduct discussions and consultations with HEIs and employers on critical issues (e.g., grant selection criteria, methodology for technical audit of the grants, etc.). The ISC will establish an Inter-Ministerial Evaluation Committee (IEC) to evaluate the grants proposals as per the selection criteria adopted by the ISC and recommend the grant winners for the ISC’s review and approval. The IEC will comprise technical staff of the above mentioned government agencies and experts.

Financial Management

8. The overall financial management (FM) functions under the project, including budgeting and planning, accounting and reporting, internal control procedures, staffing of the FM function and external audit will be handled by the Department for Accounting and Financial Reporting within the MOES. A full FM assessment was carried out for the project in accordance with the Financial Management Practices Manual issued by the Financial Management Sector Board in June 2014. This assessment indicates that the existing FM arrangements in the MOES satisfy the Bank's fiduciary requirements and financial management operational policies. The overall project risk for FM was assessed as substantial and upon completion of three FM actions, indicated in a table below, it will become moderate.

9. *Strengths, Weaknesses and Action Plan.* The MOES is currently implementing the GPE-4 and in the past implemented both FTI-3 and EMP-AF, and its fiduciary staff has gained some understanding of Bank procedures for financial management and disbursement. However, the staff in the DAFR is still not capable to implement the project on its own as staff capacity has not been adequately enhanced, and as a result, the disbursement of the on-going GPE-4 has been slower than planned. That is why external technical assistance will be required under HEP. In addition, a project accounting system needs to be installed to cope with the accounting and reporting requirements of the proposed operation.

10. The following actions should be completed to further strengthen the financial management arrangements for the project by the specified dates:

Action for capacity building	Responsibility	Completion Date
Finalize FM chapter of the POM to guide staff in daily project FM operations. The FM chapter will reflect the project arrangements on financial management, including internal control mechanisms, accounting and reporting procedures, disbursement procedures, funds flow and audit arrangements.	MOES	By effectiveness (as a part of the project POM)
The contract for installation and adaptation of the IC accounting software for project accounting, budgeting and	MOES	By effectiveness

reporting has been signed. The contract should consist of training for MOES accounting staff and the FM Consultant, who are hired by the MOES, on the program, as well as one year off-site support. The accounting system shall have inbuilt controls to ensure data security, integrity and reliability, and the functionality of automatic generation of IFRs.		
The contract with FM consultant has been signed. The FM consultant will be responsible for project FM functions.	MOES	No later than 30 days from the Effective Date

11. Budgeting and Planning. Under the project, the MOES will be responsible for the preparation of the annual budget and consolidating annual project budgets based on procurement plans, and separate budgets received from the various agencies. At the MOES budgeting follows the budget guidelines issued by the Ministry of Finance. Overall, project budgets, prepared on an annual basis, will form the basis for allocating funds to project activities. The budgets will be prepared in enough detail, by activities and account codes, and broken down by quarters, and will be based on the final procurement plan approved by the World Bank. The proposed annual budget should be agreed with the World Bank before its final approval and, once approved, entered into the accounting system and used for periodic comparison with actual results as part of the interim financial reporting.

12. Accounting and Reporting. The project accounting will be maintained on the cash basis. For reporting purposes, cash basis and the World Bank guidelines for investment projects will be used under the project. Accounting at the MOES is still largely manual, with computers being used mainly to process data in excel spreadsheets. Some training was provided to staff of the DAFR of MOES, with staff members trained on basics of the 1C software. At the time of project appraisal, the accounting software is used mainly for project accounting and reporting, while the MOES continues to process transactions related to the state budget manually.

13. MOES will continue to use the 1C based accounting system for record keeping and reporting upgraded as described. This system ensures proper tracking of resources and expenditures, and generates quarterly financial reports in formats acceptable to the Bank. All transactions will be recorded on a cash basis, with supporting documentation maintained in files for ready access by auditors and during implementation support missions of the World Bank. The chart of accounts for the project will allow tracking of project transactions and reporting by source of financing, project components, and type and category of expenditure. A fixed assets register will be created to record all assets bought with project funds.

14. The MOES will submit quarterly interim un-audited financial reports (IFRs) that will be generated by the accounting system based on formats agreed with the World Bank. The reports, to include Statement of Sources and Uses of Funds, Uses of Funds by project activities (Components & Expenditure Categories) and Statement of the Designated Account (DA), will be submitted to the World Bank within 45 days of the end of each quarter, with the first reports under the proposed project being submitted after the end of the first full quarter following initial disbursement. Draft formats of these IFRs will be prepared and agreed with the MOES during the Negotiations.

15. Internal Controls. The MOES has documented in the FM OM for GPE-4 the internal control mechanisms to be followed in the application and use of funds and the implementation under the existing project-GPE-4. The FM OM documents key internal control mechanisms to be followed

by the MOES in the application and use of project funds, with specific focus on ensuring completeness of accounting transactions, reliability of accounting data, safeguarding of assets of the projects, including safe custody of cash and other assets, proper monitoring of contracts, proper authorization and documentation of all project expenditures, and full accountability for project funds. The FM OM reflects the typical investment project structure that allows for adequate segregation of functions, defined job descriptions with different authority levels, as well as the flow of funds to support project activities, including proper management of the bank accounts, and regular reconciliation of bank statements with project records. The bank account signing mandate requires at least two signatures to withdraw cash from the bank. For the new Higher Education Project, the MOES will need to include these same procedures in the FM chapter of the POM to guide staff in daily project FM operations. Strong controls should be adequately described in the updated POM.

16. The MOES will also develop the CGP manual, where sub-grants' disbursement process, reporting and accountability functions as well as internal control mechanisms from the MOES side in the application and use of sub-grant funds by HEIs will be described. The HEIs will use the existing accounting system for sub-grant funds records in accordance with consistently applied national accounting standards, developed by the MOF, and reporting formats will be developed by the MOES on disbursed funds as one of the attachments to the sub-grant Agreements. The Internal Control Department within the MOES will be responsible for conducting internal audit of sub-grants funds and prepare reports on the efficiency of use of funds for the MOES and other control agencies. The main aspects and frequency of internal audit will be described in CGM and approved by the MOES. The financial audit of Grants will be conducted by an auditor acceptable to the World Bank based on terms of reference acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank. The technical audit of sub-grants will be conducted by an independent external audit firm acceptable to the World Bank based on terms of reference agreed with the WB. The WB FM Specialist, during regular FM supervision missions to the project, will also visit the HEIs to inspect the use of sub-grants funds, their operation and any relevant records and documents.

17. For the purposes of this project, a sound internal control system will be maintained in the MOES. The project should maintain an adequate segregation of duties. To achieve this, the MOES will need to utilize the existing accounting staff and assign the Chief Accountant to review and authorize payments and assign the Chief Specialist (who is currently responsible for Cashier's tasks) to keep the cash book and process cash payments. Another person will be required to create transactions and keep records in the automated accounting software. This person will be the FM Consultant, who will be responsible for other financial arrangements like preparation of withdrawal applications, reviewing of support documents, preparation of financial reports, and facilitation of the process of project audits. He/she will provide support to the Chief Accountant, and be responsible for project financial management and disbursement functions.

18. *External Audit.* The audit of the proposed project will be conducted (i) on an annual basis; (ii) by independent auditors and on terms of reference acceptable to the World Bank; and (iii) according to the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC). The terms of reference to be used for the project audit would be prepared by the MOES and cleared by the

Bank, and submitted to the SCI&SPM before contracting the auditor, under the block audit arrangement.

19. The annual audited project financial statements would be provided to the World Bank within six months of the end of each fiscal year and also at the closing of the project. In accordance with the World Bank’s Access to Information Policy audited project financial statements shall be made publicly available. Upon receipt of the audited financial statements, the Bank would also make them publicly available. The cost of the audit would be financed from the proceeds of the Credit/Grant. The table below shows the audit reports that would be required to be submitted by the project implementation agency, and the due date for submission of the audit reports.

Audit Report	Due date
<p>Project Financial Statements The Project Financial Statements include Sources and Uses of Funds, Uses of Funds by project activities, Statement of Expenditures Withdrawal Schedule, Designated Account Statement, Notes to the financial statements, and Reconciliation Statement</p>	<p>Within 6 months of the end of each fiscal year and also at the closing of the project</p>

Disbursements

20. The Credit/Grant will be disbursed through transaction-based disbursement methods that include: reimbursements with full documentation, reimbursements on the basis of Statement of Expenditures (SOEs) for small expenditures with defined thresholds, payments against Special Commitments, direct payments to third parties, and payments through the Designated Account.

21. *Designated Accounts.* To facilitate project implementation, a Designated Account will be opened in a commercial bank on terms and conditions acceptable to the Bank, for the IDA Credit/Grant. The Designated Account, which will be managed by the MOES, will be replenished on a quarterly basis, as needed. The total ceiling will be limited to USD 1,000,000. The Designated Account will be audited annually in conjunction with the audit of the project financial statements.

22. Disbursements will be made on the basis of full documentation for (i) contracts for goods costing more than the equivalent of USD 200,000 each; (ii) contracts for works costing more than the equivalent of USD 500,000 each; and (iii) services under contracts of more than the equivalent of USD 100,000 for each consulting firms and more than the equivalent of USD 50,000 each for individual consultants. Disbursements below these thresholds and for expenditures against incremental operating costs and training would be made according to certified SOEs. For all expenditures financed under SOEs full documentation in support of the SOEs will be retained in the MOES for at least two years after the project closing date. This information will be available for review by Bank staff during project implementation support and by the projects auditors. SOEs will be audited in conjunction with the annual audit of the proposed project. Further instructions on the size of the Minimum Application and on how funds will be withdrawn from this Credit/Grant will be provided in the Disbursement Letter.

23. The withdrawal of proceeds from the IDA Credit/Grant will be made in accordance with the schedule below:

Category of Expenditure	Amount of the IDA Credit/Grant Allocated (Expressed in USD equivalent)	Percentage of Expenditures to be Financed (exclusive of VAT and customs fees and taxes)
(1) Goods, works, non-consulting services, and consultants' services, Grants, Training and Incremental Operating Costs under the Project	15,000,000	100%
TOTAL AMOUNTS	15,000,000	

Procurement

24. Procurement for the proposed project will be carried out in accordance with the World Bank's Guidelines *Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers* dated January 2011 and revised July 2014; Consulting services would be procured following the Bank's Guidelines *Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers* dated January 2011 and revised July 2014; and the provisions stipulated in the Financing Agreement. The World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credit and Grants dated October 15, 2006 and revised on January 2011, would also apply. The general description of various items under different expenditure categories is provided below. For each contract to be financed by the Grant/Credit, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame would be agreed between the Recipient and the Bank team and will be reflected in the Procurement Plan.

25. *Procurement of Goods, Works, Non-Consulting Services and Consultant Services.* Goods to be procured under the project would include software and office furniture. Equipment and other goods may be procured under the CGP. Minor works may be included under the CGP. Grants shall include Just-in-time Grants and CGP. Consultant services would include project related assessments and reviews, project audit and services of individual consultants to support project coordination and implementation.

26. Procurement of works, goods and non-consulting services would be conducted using the Bank's Standard Bidding Documents (SBD) for all International Competitive Bidding (ICB) and an ECA Sample Bidding Document for Procurement of Works and Goods following National Competitive Bidding (NCB) procedures for all NCB. The standard NCB provisions for Tajikistan, as included in the Financing Agreement, would be applied to all the NCB contracts. For selecting consulting firms depending on the nature and complexity of assignments, interest to foreign firms and need for international expertise, and estimated budget of the services the following methods would be used: Quality and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Least Cost Selection (LCS), Selection Based on Consultant's Qualification (CQS), Selection under a Fixed Budget (FBS) and Single-Source Selection (SSS). Short lists of consultants for services estimated to cost less than USD 300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

27. *Training activities.* Trainings other than through service providers’ contracts will be procured through procedures agreed with or satisfactory to the Bank, and will include travel expenses of trainees and trainers. These procedures will be described in details in the project operational manual.

28. *Operational Costs.* Operating costs would include all expenses necessary to ensure proper implementation of the project. The quarterly budget for operating costs would be prepared and cleared with the Bank.

29. *Assessment of the agency’s capacity to implement procurement.* The assessment of the MOES capacity for implementation of procurement activities was carried out in December 2014 and documented in the P-RAMS.

30. *Procurement Arrangement.* Procurement activities for the project at the central level will be carried out by the MOES. Procurement for the Sub-projects under sub-components 1.1 and 1.2 following ICB and NCB procedures and consulting services by firms will be handled by the MOES, and shopping procedure and individual consulting services will be handled by HEIs. During the project implementation, the World Bank will carry out a procurement capacity assessment of the HEIs on a sample basis and more procurement functions could be delegated to the HEIs depending on the results of the assessment.

31. The MOES has handled several donor-funded projects in the sector. Performance of all these operations has consistently been rated as satisfactory. The MOES will engage services of the Procurement Specialist consultant to ensure transfer of skills to the MOES and participating HEIs procurement staff through on-the-job training. Continuous training of the MOES and HEIs staff involved in procurement activities is recommended. Considering sustainability, the training program should also include trainings on public procurement so the participating institutions get the status of “Qualified procuring entity” and be included to the roster of procuring entities.

32. The overall project risk for procurement is rated **‘High’**. After mitigation measures are implemented, the residual risk would be **‘Substantial’**. The risks associated with procurement and the mitigation measures were identified in the assessment of the MOES’ procurement capacity and are summarized in the table below:

Description of Risk	Risk Rating	Mitigation Measures	Residual Risk Rating
Potential procurement delays due to arrangements for bid opening and clearance of evaluation reports with the SCISPM.	H	The Bank and SCISPM have agreed on a timeline to finalize tenders from bid document preparation to contract award; procurement plan should be based on that timeline; procurement progress should be monitored against the detailed procurement plan.	S
Contract administration procedures may not be adequate to ensure efficient and timely contract implementation; contract amendments not processed diligently	S	Establishment of contract management system; more emphasis and training on appropriate contract management; regular physical inspections by Bank implementation support mission.	M
Grants recipient institutions may have limited procurement experience;	S	Arrangement for dissemination of procurement knowledge by MOES to HEIs officials;	M

participating HEIs may not have knowledge of procedures to ensure acceptability of procurement methods used to the Bank.		Arrangement for intensive capacity building activities for the MOES that administer activities related to higher education and involved in conducting procurement; Just-in-Time Grants and CGP procedures be outlined in the Project Operational Manual	
Overall high public procurement risk environment.	H	Enforcement of public disclosure and transparency provisions of the Bank’s Guidelines; publication of procurement plans, notification and advertising, contract awards under the Sub-projects on the State Agency on Procurement of Goods, Works and Services portal; Close Bank’s implementation supervision.	S

33. *Procurement Plan (PP)*. After the project is approved by the Board the PP shall be published on the MOES website and Bank’s external website. The PP would be updated in agreement with the Bank team at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The prior review thresholds set out in the Procurement Plan will be reviewed from time to time and revised as needed during the project implementation.

34. The thresholds for methods of procurement and prior review limits are detailed below.

Expenditure Category	Contract Value (USD)	Procurement Method	Bank Prior Review
Goods (including non-consulting services)	≥1,000,000	ICB	All the ICB contracts
	< 1,000,000	NCB	First 2 NCB contracts and all other NCB contracts above USD 500,000
	≤ 100,000	Shopping	The 1st Shopping contract
	NA	DC	All DC contracts
Works	≥5,000,000	ICB	All the ICB contracts
	< 5,000,000	NCB	First 2 NCB contracts and all other NCB contracts above USD 2 million
	≤ 200,000	Shopping	The 1st Shopping contract
	NA	DC	All DC contracts
Consultant Services	Irrespective of Value	QCBS, QBS, FBS, LCS, CQS*	All contracts above USD 100,000 for firms plus the 1st CQS contract regardless of value and all contracts above USD 50,000 for individuals and all SSS contracts.

Notes:	ICB – International Competitive Bidding
	NCB – National Competitive Bidding
	DC – Direct Contracting
	QCBS – Quality and Cost Based Selection
	QBS – Quality Based Selection
	FBS – Fixed Budget Selection
	LCS – Least Cost Selection
	*CQS – Selection Based on Consultants’ Qualification would be followed depending on type of assignments for estimated value less than USD 300,000
	SSS – Single Source Selection
	IC – Individual Consultant selection procedure
	NA – Not Applicable

35. *Frequency of Procurement Supervision.* In addition to the prior review supervision to be carried out from the country office, the capacity assessment of the Implementing Agency has recommended two implementation support visits per year during which ex-post reviews would be conducted on a sample basis (20 percent in terms of number of contracts) for the contracts that are not subject to the Bank’s prior review. One post review report, which would include physical inspection of sample contracts, would be prepared each year. At least 10 percent of the contracts would be physically inspected.

36. *Disclosure.* The following documents shall be disclosed in the MOES website: (i) procurement plan and updates, (ii) invitation for bids for goods and works for all ICB and NCB contracts, (iii) request for expression of interest for selection/hiring of consulting services, (iv) contract awards of goods and works procured following ICB/NCB procedures, (v) list of contracts/purchase orders placed following shopping procedure on quarterly basis, (vi) short list of consultants, (vii) contract award of all consultancy services, (viii) list of contracts following DC or CQS or SSS on a quarterly basis and (ix) action taken report on the complaints received on a quarterly basis. In addition to it procurement plans, notification and advertising, contract awards shall be published in the State Agency on Procurement of Goods, Works and Services portal.

37. The following details shall be sent to the Bank for publishing in the Bank’s external website and United Nations Development Business (UNDB): (a) invitation for bids for procurement of goods and works using ICB procedures, (b) request for expression of interest for consulting services with estimated cost more than USD 300,000, (c) contract award details of all procurement of goods and works using ICB procedure, (d) contract award details of all consultancy services with estimated cost more than USD 300,000, and (e) list of contracts/purchase orders placed following SSS or CQS or DC procedures on a quarterly basis.

38. *Procurement Plan.* The tables below summarize procurement packages for (a) Goods and Non-Consulting Services, (b) Consulting Services (firms), (c) Individual Consultants, and (d) Competitive Grants to Education Institutions:

(a) Goods and Non-Consulting Services

Package No.	Description/ Location	Procurement Method	Review By Bank (Prior / Post)	Invitation Date	Expected Bid-Opening Date	Contract Award Date	Completion Date
A	B	C	D	E	F	G	H
1	IC accounting system installation and training	SH	Prior	Jun-15	Jul-15	Jul-15	Dec-19
2	Office furniture and equipment	SH	Post	Oct-15	Nov-15	Nov-15	Jan-16
3	QA electronic platform	SH	Post	Sep-15	Sep-15	Oct-15	Nov-16

(b) Consulting Services (firms)

Package No.	Description of Assignment/ Location	Selection Method	Review by Bank Prior / Post	Advertisement for EOI Date	Expected Proposal Submission Date	Contract Award Date	Completion Date
A	B	C	D	E	F	G	H
1	LF4: Graduate tracer studies	CQS	Post	Nov-15	Dec-15	Jan-16	Dec-16
2	IF2: QA capacity building	CQS	Prior	Oct-15	Dec-15	Mar-16	June-20
3	IF3: IAS piloting	CQS	Post	Oct-15	Dec-15	Mar-16	June-20
4	LF2: Detailed employer survey	CQS	Post	Feb-16	Mar-16	Apr-16	Nov-16
5	Curriculum redesigning (for pedagogical specialties)	CQS	Post	Oct-15	Nov-15	Jan-16	Jun-19
6	Curriculum redesigning (1)	CQS	Post	Oct-16	Nov-16	Jan-17	Jun-20
7	Curriculum redesigning (2)	CQS	Post	Oct-16	Nov-16	Jan-17	Jun-20
8	Curriculum redesigning (3)	CQS	Post	Oct-16	Nov-16	Jan-17	Jun-20
9	Curriculum redesigning (4)	CQS	Post	Oct-16	Nov-16	Jan-17	Jun-20
10	LF3: Technical audit of Grants	CQS	Post	Dec-17	Jan-18	Feb-18	Sep-20
11	Project audit	LCS	Prior				

(c) Individual Consultants

Package No.	Description of Assignment/ Location	Selection Method	Review by Bank Prior / Post	Advertisement for EOI Date	Expected Proposal Submission Date	Contract Award Date	Completion Date
A	B	C	D	E	F	G	H
1	LTA1: Support for DHE	IC	Post	Jul-15	Jul-15	Aug-15	Nov-20
2	LTA2: Grants (competitive, JIT)	IC	Prior	Oct-15	Nov-15	Dec-15	Nov-20
3	ITA2: Graduate tracer studies	IC	Post	Aug-15	Sep-15	Oct-15	Jan-16
4	ITA3: CGP	IC	Post	Oct-15	Nov-15	Dec-15	Nov-20
5	IF1: Detailed employer survey	IC	Post	Sep-15	Oct-15	Dec-15	Nov-16
6	IF2: Detailed employer survey	IC	Post	Sep-15	Oct-15	Dec-15	Nov-16

7	LTA3:RMTc curriculum support	IC	Post	Sep-15	Sep-15	Oct-15	Nov-20
8	LTA5: HE financing assessment	IC	Post	Nov-15	Dec-15	Jan-16	Jun-17
9	LTA6: HE financing assessment	IC	Post	Nov-15	Dec-15	Jan-16	Jun-17
10	ITA4: HE financing assessment	IC	Prior	Feb-16	Mar-16	May-16	Jun-17
11	Project coordinator	IC	Prior	Jul-15	Jul-15	Aug-15	Nov-20
12	M&E	IC	Prior	Jul-15	Jul-15	Aug-15	Nov-20
13	Procurement	IC	Prior	Jul-15	Jul-15	Aug-15	Nov-20
14	FMS	IC	Prior	Jul-15	Jul-15	Aug-15	Nov-20
15	Secretary-translator	IC	Post	Jul-15	Jul-15	Aug-15	Nov-20

(d) Competitive Grants to Education Institutions

Package No.	Description of Assignment	Selection Method	Review by Bank Prior / Post	Advertisement for EOI Date	Expected Proposal Submission Date	Contract Award Date	Completion Date
A	B	C	D	E	F	G	H
1	Just-in-Time Grants	n/a	n/a	Mar-16	Apr-16	May-16	Jul-20
2	Competitive Grants	n/a	n/a	Mar-17 Mar-18	Apr-17 Apr-18	May-17 May-18	Jul-20

Environmental and Social (including safeguards)

39. While MOES already has experience in implementing the requirements of the World Bank environmental safeguards policies with previous IDA and GPE financed projects, its capacity to deal with OP 4.01 is still limited, and there are challenges. Currently the MOES has a person in charge for environment within the Department of Capital Construction (DCC), who oversees this aspect of implementation under the Fourth Global Partnership for Education Project (GPE-4), and this person will also be responsible for implementing the requirements of environmental safeguards policies on this project. In addition, all civil works contractors have personnel responsible for environmental issues within their teams and report to MOES. Under the proposed project, a World Bank Environmental Specialist will closely monitor implementation, including grant application, selection and approval to support the client, and ensure full compliance with OP 4.01. The team will closely monitor the project to ensure that there are no OP 4.01 impacts as per the project design and POM.

40. Because the exact scope of the refurbishment works and the list of higher education institutions are not known prior to Appraisal, the Client has prepared an Environmental Management Framework to address potential environmental impacts in the relevant project activities. The EMF: (i) outlines the general anticipated environmental risks and impacts and associated mitigation measures, (ii) describes the process and provides specific guidance on contents for preparation of a Checklist Environmental Management Plan (EMP) and site-specific EMPs; and (iii) indicates institutional responsibilities for preparation, review/approval, implementation and monitoring/reporting of the EMPs.

41. The refurbishment of existing facilities at the HEI will require preparation of the Environmental Management Plan (EMP) checklist or the full EMP. When the scope of Sub-projects is identified and design documentation is developed, the MOES will screen the Sub-projects, and request the HEI or its contractors to develop either EMP Checklist or EMP following the guidelines stipulated in the EMF. The Head of Department of the Capital Construction at the MOES together with Department specialists and construction consultants will check and clear EMP Checklists / EMPs and are responsible for monitoring of the EMP implementation by the Contractor and/ or the HEI.

42. The table below briefly describes responsibilities of MOES and the WB in the implementation process.

Participant	Activity	Supporting Documentation
HEIs	<ul style="list-style-type: none"> • Submission of the grant concepts to MOES • Arranging and financing of environmental due diligence documents • Obtaining required permits/licenses • Implementing and financing of environmental due diligence 	<ul style="list-style-type: none"> • Copies of permits, licenses • Clearance statement • Periodic reports and Sub-project completion report • Preparation of environmental due diligence documents such as EMPs and EMP checklists
MOES	<ul style="list-style-type: none"> • Finalize the environmental screening form, assign the environmental category • Review of Sub-project application package for required environmental documentation and licenses/permits from the State authorities • Maintain complete files of environmental documentation for review by WB • Monitoring compliance with mitigation plans (if necessary) • Report on Implementation of EMF 	<ul style="list-style-type: none"> • File environmental information with sub-loan application • Include environmental monitoring / supervising information in regular portfolio reporting to WB • Include environmental documentation in normal MOES records • Periodic monitoring / supervising reports (if necessary)
WB	<ul style="list-style-type: none"> • Provide information, training, and clarification on the WB safeguard policy requirements. • Identify problems/ issues and propose solutions • Carry out field supervision 	<ul style="list-style-type: none"> • Document status of project implementation in Implementation Status and Results reports and the mission Aide-Memoires

43. Environmental screening of the grant applications will be essential to ensure that Sub-projects are properly categorized and the required environmental review is carried out. The initial step of screening will exclude all Sub-projects supporting: (i) any activities involving the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood; or (ii) any activities likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, that would be classified as 'Category A' in accordance with the Banks policies and procedures; and (iii) any activity identified as non-eligible from the list presented in the EMF.

44. The MOES will provide regular reporting on environmental status of the project to the World Bank team.

45. *Operational Policy 4.12 is not triggered.* Any minor works under the Competitive Grants Program will only be financed if they take place within the existing footprint of the educational facilities and do not result in any physical and/or socio-economic displacement.

46. *Social Impact.* Under sub-component 2.3, the project will finance an assessment of Tajikistan's higher education financing system which will, among other things, specifically look at the role of student funding and support (in particular with regard to tuition fees, loans, scholarships, etc.) to understand how the current approach does or does not contribute to equity in access to higher education. The assessment will provide recommendations, pulling from global good practices, to alter the funding model so as to improve access to under-represented populations²⁶ such as students from rural areas, low socio-economic status, etc.

47. *Gender.* Project design recognizes the challenges that females face in enrolling in and completing higher education and in transitioning to the labor force. As a result, in addition to the gender-related mainstreamed activities, it includes interventions to support females directly as follows. First, under sub-component 1.2 the project will dedicate no less than seven percent of the CGP budget to finance proposals targeting female students. These support services may include residential programs, mentoring programs with women in the workforce, speaker series, workshops on job searching, etc. to address the challenges female students face. Second, workshops on the results from the female student services assessment supported by the preparation TF will be shared with a broad audience in an effort to inform proposals. The CGP selection committee will also receive gender training, based on the assessment, to increase their awareness of existing services in Tajikistan and good global practices for supporting female students in higher education. Third, an indicator related to this sub-intervention has been included in the results framework to support monitoring. Collection of gender disaggregated data is also included to monitor the participation of women in other elements of Component 1.

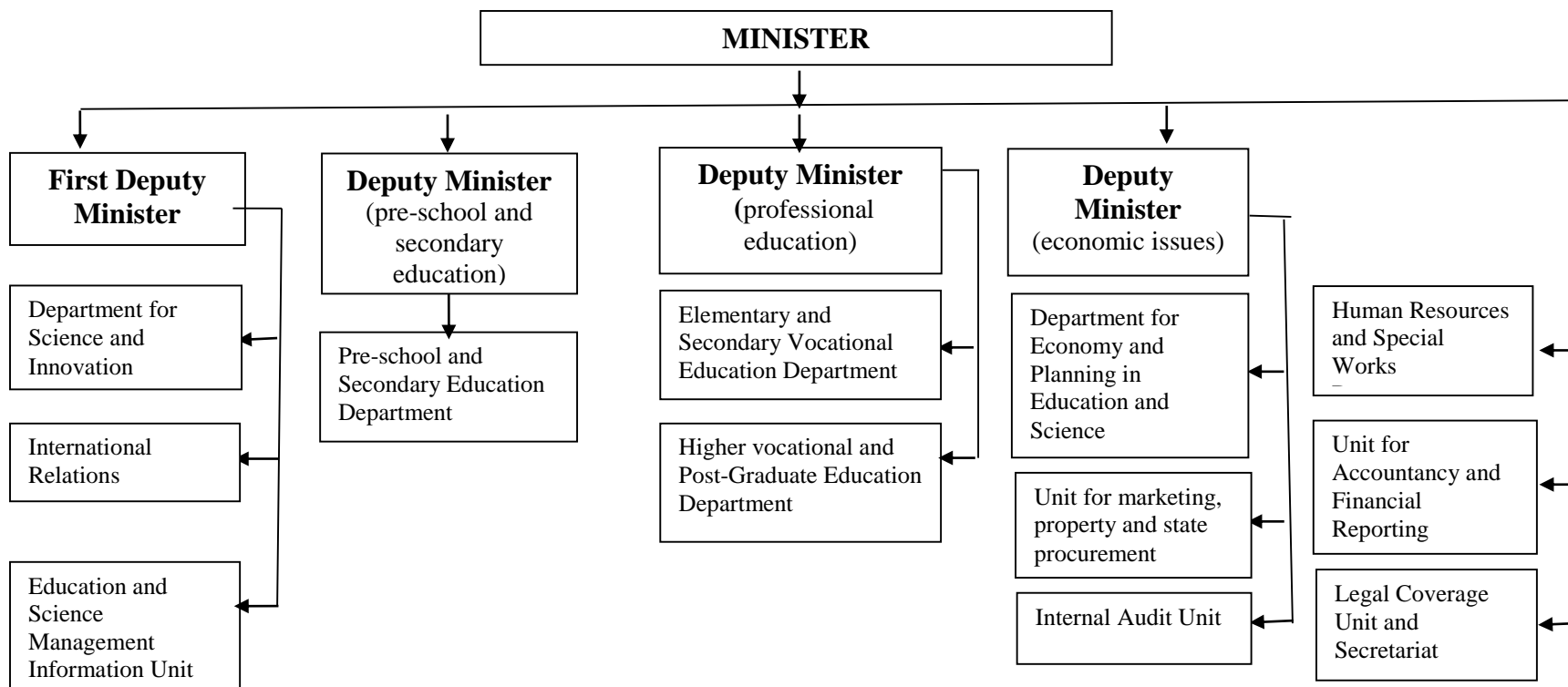
48. *Citizens Engagement.* Project design includes elements of feedback and input from a broad range of actors. First, under sub-component 1.2, project design calls for the MOES and HEIs to work with local NGO partners in the development of student support initiatives to benefit female students. Second, in an effort to obtain citizen input on the higher education financing study (sub-component 2.3) the MOES will conduct consultations of its results through publishing them for citizen review and comment and arranging roundtables with the stakeholders as part of validation and finalization of the report. Third, the MOES will design a mechanism to collect beneficiary feedback throughout the proposed project's implementation. Participating employers will complete written evaluations at several different points in project implementation to obtain feedback on their involvement with the process and understand their satisfaction with the outcomes. After each academic specialty is revised as part of sub-component 2.2, evaluation results will then guide and inform the revision process for the remaining academic specialties.

Project administration mechanisms

The organizational chart of the MOES is provided below:

²⁶ Ajwad, M.I., et al., 2014

Structure of Central Apparatus of the Ministry of Education and Science of the Republic of Tajikistan



49. The table below presents the management and implementation responsibilities under the project by components and activities, and the supporting TA.

Overall project responsibility for project management, National Coordinator	Minister of Education
Responsibility for day-to-day coordination and oversight of project implementation Main focal point for Bank team	Deputy MOES on economic issues
Management support	Local TA, Project Coordinator
Fiduciary and administrative support	Local consultants (in the table)

# comp.	Component/Activity	Responsible DM	Coordinating Unit(s)	Key Implementing Unit(s)	Supporting Local TA		Implementing Local TA	Capacity Strengthening TA
					6	7		
1	2	3	4	5	6	7	8	9
C1.1	Just-in-time Grants	DMHE	DHE	ESPs	LTA for DHE	SC	-	-
C1.2	Competitive Grants Program (CGP)	DMHE	DHE	HEIs	LTA for DHE	SC	-	(Partner FU) & (Partner NGO) ²⁷
C2.1	Graduates Tracer Study	DMHE	DHE	DHE, HEIs	LTA for DHE	-	LF	ITA for HEIs
C2.1	Strengthening SASSE, EQAS and IAS	DMHE	DHE	SASSE	LTA for DHE	-	-	IF
C2.1	Strengthening IQAS and Piloting IAS	DMHE	DHE	SASSE, HEIs	LTA for DHE	-	-	IF
C2.2	Detailed employers survey	DMHE	DHE/MOLME	DHE	LTA for DHE	SC	LF	ITA (design, SPN, report)
C2.2	Redesign of Curriculum Standards for 5-7 specialties	DMHE	DHE	DHE, RMTC	LTA for DHE	LTA for RMTC	WGs for each specialty	Partner FUs
C2.3	HE financing assessment	DMEC	DEP	DEP	LTA for DEP	-	LTA	ITA

²⁷ Hired by HEIs

# comp.	Component/Activity	Responsible DM	Coordinating Unit(s)	Key Implementing Unit(s)	Supporting Local TA		Implementing Local TA	Capacity Strengthening TA
1	2	3	4	5	6	7	8	9
C3	M&E, Stakeholders' feedback; Progress reports	DMEC DMHE	- DHE	- DHE	M&E Consult.	-	-	
C3	Technical audit	DMHE	DHE	DHE	M&E Consult.	LF	-	
C3	GRM	DMEC	LCUS	LCUS	Project Coordinator	-	-	
C3	FM	DMEC	DAFR	DAFR	FMS;	-	-	-
C3	Procurement	DMEC	UMPSP	UMPSP	Procur. Specialist	-	-	-

DM	Deputy MOES	SASSE	State Agency for Supervision in the Sphere of Education
DMHE	DM for HE	EQAS	External Quality Assurance System
DMEC	DM on Economic issues	IQAS	Internal Quality Assurance System
DHE	Higher Education Department	IAS	Institutional Accreditation System
DAFR	Unit for Accountancy and Financial Reporting	LTA	Local TA
DEP	Department for Economy and Planning	ITA	International TA
UMPSP	Unit for marketing, property and state procurement	LF	Local Firm/NGO
RMTC	Republican Training and Methodological Center	IF	International Firm/Agency
HEIs	Higher Education Institutions	SC	Steering Committee
ESPs	Education Services Provides	FU	Foreign University
LCUS	Legal Coverage Unit and Secretariat		

Annex 4: Implementation Support Plan
TAJIKISTAN: Higher Education Project

Strategy and Approach for Implementation Support

1. The Ministry of Education and Science (MOES) is well experienced with the implementation of Bank-funded projects, and has assigned two Deputy Ministers and the Department of Higher Professional and Post-graduate Education (DHE) to be responsible for the project implementation. However, to date, those projects have covered only general and preschool education, and this project is the first time MOES will implement a large-scale externally-funded project for higher education that requires strong leadership in policy making and creating enabling environment for HEIs. In addition, HEIs are not experienced working under the Bank's procedures. To support the MOES and HEIs in implementing the proposed project successfully, the Bank team will conduct (i) regular communication with the client, (ii) bi-annual joint review and support to the project implementation, (iii) regular exercise of fiduciary and safeguards' oversight throughout the implementation.

- a. *Regular communication with the client* would enable the Bank team to bring about relevant and timely technical advice on a number of reforms based on our knowledge of international best practices, facilitate communications between various stakeholders, and identify and remove potential problems and obstacles that could delay implementation.
- b. *Bi-annual joint reviews* would aim at examining the progress in achieving agreed targets and results. The Bank team would participate in the reviews with representatives of the MOES, HEIs and other stakeholders. During each review, the type of implementation support that is needed would be identified, followed by joint decisions on necessary assistance.
- c. *Fiduciary oversight* would enable the Bank to fulfill its fiduciary obligations and ensure compliance with its fiduciary standards.
 - i. *Financial management.* Team's Financial Management Specialist would review (i) the project's quarterly IFRs, (ii) the project's annual audited financial statements and auditor's management letters and remedial actions recommended in the auditor's management letters, (iii) project accounting and internal control systems; (iv) budgeting and financial planning arrangements; (v) disbursement arrangements and financial flows, including counterpart funds, as applicable; and (vi) any incidents of corrupt practices involving project resources.
 - ii. *Procurement.* Team's Procurement Specialist would conduct prior reviews in accordance with the procurement thresholds. In addition, the team would conduct desk and on-site reviews of procurement arrangements and results twice a year, including random post review of contracts. As one of the capacity strengthening measures, the project will support trainings for relevant staff of HEIs on the processes and policies of the Competitive Grant Program.

Implementation Support Plan

2. The table below summarizes the implementation support plan:

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Smooth project launch (loan effectiveness, and implementation arrangements in place); Overall technical and operational support; M&E	Bank operational knowledge; Higher education expertise	Education Specialist, Co-TTL (8 weeks)	
	Technical support for reviewing TORs and bidding documents, identifying suitable experts; providing relevant and timely technical advice on specific issues	Higher education expertise	Sr. Economist, Co-TTL (2 weeks)	
	Day-to-day operational support; liaising with HQ TTL	Knowledge on local contexts; Bank operational knowledge (Sr. Operations Specialist)	Local-based Sr. Operations Specialist (5 weeks)	
	Environmental support	Knowledge on Bank's requirements for Environmental Safeguards	Environmental Specialist	
	Financial management reviews	Financial Management Specialist	Local-based FM Specialist (3 weeks)	
	Procurement capacity building; procurement reviews	Procurement Specialist	Local-based Procurement Specialist (3 weeks)	
12-60 months	Overall technical and operational support; M&E	Bank operational knowledge; Higher education expertise	Education Specialist, TTL (8 weeks per 12 months)	
	Technical support, as needed	Higher education expertise	Sr. Economist (2 week per 12 months)	
	Day-to-day operational support; liaising with HQ TTL	Knowledge on local contexts; Bank operational knowledge (Sr. Operations Specialist)	Local-based Sr. Operations Specialist (5 weeks per 12 months)	
	Environmental support	Knowledge on Bank's requirements for Environmental Safeguards	Environmental Specialist	
	Financial management reviews	Financial Management Specialist	Local-based FM Specialist (3 weeks per 12 months)	
	Procurement capacity building	Procurement Specialist	Local-based Procurement Specialist (3 weeks per 12 months)	

Annex 5: Economic and Financial Analysis
TAJIKISTAN: Higher Education Project

1. INTRODUCTION

1. The Higher Education Project (HEP) seeks to strengthen the quality of higher education in the Republic of Tajikistan by focusing on (i) institutional-level improvements and (ii) system-level interventions. The proposed project focuses on various aspects of higher education and its linkage to employment through just-in-time grants to re-/up-skill the workforce (sub-component 1.1); competitive grants for universities (sub-component 1.2); quality assurance enhancements (sub-component 2.1); and system-level curriculum reform (sub-component 2.2).

2. This annex presents the economic analysis of the rationale for public investment and World Bank involvement in this project, followed by cost-benefit and cost-effectiveness analyses that justify the investment.

Rationale for investing in higher education

3. International evidence points to significant economic returns – both public and private – being generated by investments in education. Empirical evidence suggests that higher education enhances the earnings of individuals and contributes to economic development; makes a significant contribution to the reduction in absolute as well as relative poverty; and is connected to human development indicators which reflect other private and societal dimensions (e.g., reduces infant mortality, increases life expectancy).

Rationale for World Bank involvement

4. The World Bank has broad regional and global experience in the proposed areas of focus: higher education financing, skills, quality assurance, and curriculum reform. The proposed project will leverage the Bank’s robust financial, operational, and analytical models. These models include a field-tested mix of monitoring and evaluation procedures, regulatory and financial safeguards, as well as overarching transparency mechanisms in these processes. In particular, the Bank’s safeguards include high standards for fiduciary oversight.

5. The World Bank has been actively engaged in supporting projects in the Republic of Tajikistan since 1993, acquiring extensive knowledge of the country’s specific challenges and opportunities. During this time, a number of projects helped to strengthen public systems and develop more effective public management systems. Meanwhile, the Bank has been a worldwide leader in the strengthening of education systems, having assisted the development of higher education in almost 100 countries. In countries of the Europe and Central Asia region, the World Bank has supported operations to help governments address education sector governance, equity, efficiency, relevance, and sustainability. As such, the World Bank is well-positioned to introduce institutional and system-level improvements to the higher education system in the Republic of Tajikistan.

Expected development impact

6. The proposed project would be implemented over a five-year period between 2016 and 2020. To maximize the benefit of project investment, an in-depth employer survey and graduate tracer survey will be first conducted to provide better targeting of higher education programs that are most demanded by the labor market today in the medium term. Upon completion of the project, it is expected that at least 6,000 students from the targeted programs and 1,200 short- and medium-term course beneficiaries, respectively, will gain from institutional and system-level improvements targeted by the project.

7. The impact is well-aligned with the World Bank Group’s Country Partnership Strategy (CPS) for FY2015-FY2018, which guides the engagement between the Bank and the Republic of Tajikistan. The Strategy’s second pillar aims to “address extreme poverty and help promote shared prosperity by improving delivery of social services that expand opportunities for excluded and vulnerable groups.” Further, the CPS specifies that its activities are intended to influence better quality of education, particularly for poor students in tertiary education.²⁸

2. COST-BENEFIT ANALYSIS

Main principles guiding the analysis

8. This section presents a cost-benefit analysis of the proposed interventions which focus on institutional and system-level improvements in higher education.

9. **Costs.** Total project financing during the implementation period amounts to USD 15.00 million. Discounting the cost stream at a rate of 4.8 percent – which is the discount rate used by the Central Bank of Tajikistan²⁹ – yields a discounted present value of USD 13.49 million. This cost stream includes direct and indirect costs. As such, the Government of Tajikistan should undertake the project provided the discounted present value of benefits is at least USD 13.49 million.

(a) **Direct Costs:** Direct project costs include the public investment facilitated by the IDA Credit (USD 8.25 million equivalent) and IDA Grant (USD 6.75 million equivalent); and service charges on the credit.

(b) **Indirect Costs:** Indirect project costs include additional public recurrent costs facilitated by the project’s various components. These include replacing or upgrading existing capital such as computers and laboratory equipment; depreciation expenses of the equipment; as well as operational and maintenance costs of the new equipment during implementation and the project lifecycle to safeguard the project’s intended gains.

10. **Benefits.** The project is expected to generate economic benefits in three key areas. Competitive grants as well as just-in-time grants are the instruments being used to generate the

²⁸ World Bank (2014), Country Partnership Strategy for Tajikistan for the Period FY15-FY18.

²⁹ CIA World Factbook, December 2013 estimate.

institutional improvements under Component 1. Modernized curricula are being introduced under Component 2 to generate system-level interventions. The three key areas are the wage premium of higher education relative to secondary education; reduced employer costs in hiring graduates; and the impact of migrant workers. The time horizon for each key area differs, given the expected impact emerging from the associated interventions. As such, benefits associated with short-term and medium-term re/up-skilling are expected to last four years; seven years for employer savings in the hiring process; and 12 years for modernized curricula.

- a. **Wage premium:** Project beneficiaries are expected to benefit from higher wages resulting from improved qualifications. As discussed, the wage premium of university graduates compared to high school graduates in Tajikistan is estimated to be around 40 percent. This wage premium is relatively low compared to other countries in the region. The project is expected to contribute to an increase in the wage premium by improving the qualifications of university graduates.
- b. **Reduced employer transaction costs:** Employers stand to benefit from being able to access and hire a more qualified workforce. Consultations with employers revealed that new hires, although possessing the necessary certificates, require intensive orientation preparation to perform the key functions of a job. On average, this training lasts three months. The project aims to reduce the training period needed to prepare recent hires for their new jobs which is reflected in the benefits. Reducing the training period will lower the amount of time spent by experienced workers training their new colleagues – from three months to one month – and will allow new hires to begin performing their duties sooner.
- c. **Returning migrant workers:** Tajikistan’s close linkages to the Russian economy creates predictable and unpredictable risks to the economy. The economic crisis in Russia has forced many Tajik migrants to return home. Returning migrants tend to possess significantly higher cognitive and non-cognitive skill outcomes than non-migrant peers.³⁰ However, few signaling devices exist to formally acknowledge the competencies migrants gained abroad. The project will provide up-skilling and retooling based on employer demand, and the capacity of education institutions, to reintegrate returning migrants in the labor market.

11. **Assumptions.** The analysis performed relies on assumptions which are presented in Table 1. These assumptions are the basis for increasing the earnings of university graduates, and the employability of returning migrants.

³⁰ World Bank (2014). The Skills Road – Skills for Employability in Tajikistan.

Table 1. Assumptions for Tajikistan HEP Economic and Financial Analysis

BENEFITS	
1. Incremental earnings	
Average monthly wage level (2016) ^{1/}	TJS 822
Annual (gross) earnings growth rate for university graduates	
Low scenario	3.00%
Base scenario^{2/}	5.75%
High scenario	7.00%
Earnings Premium	
Short-term courses	10.00%
Medium-term courses	20.00%
2. Beneficiaries (university students)	
Total number of university graduates (2013/14) ^{3/}	29,100 students
Target population (annual)	10 percent of total graduates
Student population growth rates (annual) ^{4/}	2.2-2.4 percent
Annual beneficiaries of modernized curricula	50 percent of target population
COSTS	
IDA Credit	USD 8,250,000.00
IDA Grant	USD 6,750,000.00
Maintenance and operational costs ^{5/}	10 percent
Depreciation (reducing balance) ^{6/}	13.5%
Service charges ^{7/}	0.75%
Commitment charges ^{7/}	0%

^{1/}Calculated by projecting the average wage level for 2013 (Tajstat 2013).

^{2/}Based on IMF's projection for constant GDP growth rate until FY 2019. However, this rate is for TJS.

^{3/}World Bank 2014, Tajikistan Higher Education Sector Study.

^{4/}Student population growth rate was estimated based on the demographic data for the higher education enrollment growing at 2.2 percent, and Tajikistan's average annual rate of population change for 2010-2015 of 2.4 percent. See Tajstat 2013 at <http://www.stat.tj/en/database/socio-demographic-sector/>, and United Nations Population Fund at http://www.unfpa.org/sites/default/files/pub-pdf/EN-SWOP14-Report_FINAL-web.pdf.

^{5/}This percentage is based on Tajikistan BOOSTv0.5: ~10% of the Republican budget, and Republican Special Funds are spent on Maintenance and Repair of Higher Education institutions. As such, 10% of the CGP allocation for equipment of USD4.5 million, equal to USD450,000 will be allocated over 24 years.

^{6/}Depreciation rate ranges from 7-20 percent per year, reducing balance method (PWC, Doing Business Tajikistan). The 13.5 percent rate is the median of the range.

^{7/}Service Charge for Credits: 0.75%; No Commitment charge for FY15.

Available at <http://www.worldbank.org/ida/articles-agreement/IDA-terms-Jan-15.pdf>.

12. The financing instruments used for the project include a credit of USD 8.25 million equivalent and a grant of USD 6.75 million equivalent. Although the nature of grants implies that they are non-repayable sources of financing to the government, the cash flow calculation requires that the grant amount is included in the cost stream. To avoid distorting the cost stream, the amount of the grant was allocated over a period of 20 years and discounted.

13. In addition, the exchange rate used for the economic and financial analysis is based on the period April 1, 2014 to March 31, 2015. As such, the analysis does not account for the continued

trend for 2015. In the first quarter of 2015, the USD/TJS exchange rate depreciated by more than 7 percent.

Project’s expected net benefit

14. Table 2 summarizes the net present value (NPV) of total quantifiable benefits and costs associated with the project.³¹ The table accounts not only for the project’s direct costs (i.e., loan principal repayment) and loan servicing fees, but also for long-term indirect costs and fiscal effort Tajikistan would incur to sustain these investments and safeguard the benefits associated with the project. These indirect costs include maintenance and depreciation expenses.

15. Component 1 of the proposed project aims to provide modernized curricula to approximately 6,000 higher education students, as well as provide opportunities for re-skilling and up-skilling returning migrants. The number of beneficiaries is estimated to increase gradually during the project’s implementation timeframe as more beneficiaries graduate from higher education institutions.

16. The benefits are derived from the higher expected earnings generated by a relatively higher quality pool of workers who benefit from the modernized curricula. The costs of the project include the loan repayment and servicing (with associated fees), maintenance and sustainability costs, and depreciation. The analysis calculates the cost stream over a time span of 30 years. As discussed above, the benefit stream varies for each intervention, lasting four years for re-/up-skilling of returning migrants; seven years for employer savings in the hiring process; and 12 years for modernized curricula. The resulting analysis discounts the cash flow generated by these costs and benefits in the timeframes considered.

17. The baseline scenario presents an NPV of USD 44.49 million, and a benefit-to-cost ratio of 4.3, which indicates that the proposed project is a promising investment in higher education.

Table 2: Higher Education Project: Summary of Costs and Benefits (USD)

Benefits	
Modernized curricula (higher earnings)	31,898,340
Employer savings	16,807,642
Re/up-skilling (short-term courses)	3,517,145
Re/up-skilling (medium-term courses)	5,755,329
<i>NPV of total benefits</i>	<i>57,978,457</i>
Costs	
Direct project costs	8,090,760
Indirect project costs	4,250,462
Costs associated with loan servicing and fees	1,145,602
<i>NPV of total costs</i>	<i>13,486,824</i>
NPV of net benefits	44,491,633
Benefit to cost ratio	4.3

³¹ The analysis is conducted using economic prices and it does not include taxes.

Sensitivity analysis

18. Table 3 below provides the results of the sensitivity analysis. The sensitivity analysis calculates the net present value of benefits and the benefit-to-cost ratio of the proposed Project under the following scenarios: (i) lower-than-anticipated wage premium of graduates and earnings growth; (ii) higher-than-anticipated wage premium of graduates and earnings growth; the discount rate of (iii) 6 percent; and (iv) 3.5 percent.

Table 3: Sensitivity analysis (in USD millions)

	<i>NPV of net benefits (USD millions)</i>	<i>Benefit-to-cost ratio</i>
Baseline	44.49	4.3
Low estimate (wage premium and earnings growth)	29.94	3.2
High estimate (wage premium and earnings growth)	66.84	6.0
Discount rate 6%	41.45	4.4
Discount rate 3.5%	48.04	4.1

Note: Low and high estimates for project impact consider 5-20% and 15-30% returns to modernized curricula, respectively (compared to 10-20% for the baseline scenario), and earnings growth of 3% and 7% respectively).

19. The sensitivity analysis performed confirms that the project is a worthwhile investment at the institutional and system-level in Tajikistan higher education.

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Annex 6: Map of Tajikistan
IBRD 33493R1
TAJIKISTAN: Higher Education Project

