

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

Report No.: PIDA24459

Project Name	Higher Education Project (P148291)
Region	EUROPE AND CENTRAL ASIA
Country	Tajikistan
Sector(s)	Tertiary education (100%)
Theme(s)	Education for the knowledge economy (100%)
Lending Instrument	Investment Project Financing
Project ID	P148291
Borrower(s)	Republic of Tajikistan
Implementing Agency	Ministry of Education and Science
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	19-May-2015
Date PID Approved/Disclosed	20-May-2015
Estimated Date of Appraisal Completion	15-May-2015
Estimated Date of Board Approval	16-Jul-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate.

I. Project Context

Country Context

Tajikistan is a landlocked country with a population of 8.2 million and a gross domestic product (GDP) per capita of USD2,512 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 USD4.1 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 country's endowments, increase productivity, create new and better paid jobs, and reduce economic volatility.

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 USD2.50 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.

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.

Sectoral and institutional Context

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 are less at 87 percent than regional rates at 96 percent. After basic education, students can pursue 1-3 years of primary vocational education or 1-4 years of secondary vocational education (colleges), and 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.

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. 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.). Only one of the 35 institutions is private.

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.

The Law on Higher Education vests critical higher education policy and operational deliverables on 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. Like many former Soviet countries, the government finances the sector through state-funded places in HEIs which are awarded based on entrance examination results. In recent years, the government finances 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

For the purposes of this project, the working definition of 'labor-market relevance' for higher education borrows broadly from the Bologna Process and European Commission's 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.

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.

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.

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.

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

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. 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.

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.

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.

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

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." 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.

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.

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. 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. 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. 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.

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

II. Proposed Development Objectives

The proposed Project Development Objective (PDO) is to develop mechanisms that improve and monitor the quality and labor-market relevance of higher education.

III. Project Description

Component Name

Institutional-Level Improvements

Comments (optional)

1.1: Just-in-Time Grants to Re-/Upskill Workforce

1.2: Competitive Grants Program for Universities

Component Name

System-Level Interventions

Comments (optional)

2.1: Quality Assurance Enhancements

2.2: System-wide Higher Education Curriculum Reform

2.3: Assessment of Higher Education Financing
Component Name

Project Management, Monitoring and Evaluation

Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	15.00	Total Bank Financing:	15.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			8.25
IDA Grant			6.75
Total			15.00

V. Implementation

The Ministry of Education and Science will be responsible for overall project implementation. Higher education institutions and certain units within the MoES will be responsible for specific activities. A number of activities will also benefit from inter-ministerial support (MoF, MoEDT, MoLME, etc.)

VI. Safeguard Policies (including public consultation)

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

Comments (optional)

VII. Contact point

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