

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

Report No.: PIDA47037

<b>Project Name</b>	Education Modernization Project (P153496)
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Country</b>	Kazakhstan
<b>Sector(s)</b>	Primary education (50%), Secondary education (50%)
<b>Theme(s)</b>	Education for all (95%), Gender (5%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P153496
<b>Borrower(s)</b>	Republic of Kazakhstan
<b>Implementing Agency</b>	Ministry of Education and Science
<b>Environmental Category</b>	C-Not Required
<b>Date PID Prepared/Updated</b>	09-Dec-2015
<b>Date PID Approved/Disclosed</b>	14-Dec-2015
<b>Estimated Date of Appraisal Completion</b>	17-Dec-2015
<b>Estimated Date of Board Approval</b>	30-Mar-2016
<b>Appraisal Review Decision (from Decision Note)</b>	

## I. Project Context

### Country Context

Kazakhstan is a large, ethnically and culturally diverse country with a low population density. It is the ninth largest country in the world by area and the largest landlocked country. It has a territory of 2,727,300 km<sup>2</sup> and a population of about 17.3 million. Kazakhs account for 63 percent of the population with another 130 nationalities present, including Russians, Uyghurs, Ukrainians, Koreans, Uzbeks, and Tatars.

The economy has grown rapidly between 2000 and 2013 and its growth has been inclusive. Gross domestic product (GDP) growth averaged 8 percent between 2000 and 2013. While growth has come from all sectors of the economy, the services sector has been the driver of recent economic growth and job creation. Official figures indicate that unemployment halved between 2001 and 2013, decreasing from 10.4 to 5.2 percent. Kazakhstan's poverty rate (defined as income under US \$5 per day) has dropped from 54 percent in 2006 to 17.8 percent in 2014. Household income of the poorest 40 percent of the population increased by 19 percent over a five-year period (2008–2012) against 15.2 percent for the top 60 percent. The middle class increased from 8 percent to 28 percent of the population. Wage income is the largest single contributor to poverty reduction and shared prosperity over the past decade, with real wages doubling between 2003 and 2013. However, the

pace of poverty reduction has regional variations and while the official unemployment rate is low, a large informal economy (about 28 percent in 2013) likely absorbs much of the unofficially employed.

The economy has slowed down since 2014, affected by a sharp devaluation, the oil price shock, and lower external demand. GDP growth slowed from 6 percent in 2013 to 4.4 percent in 2014 and to an estimated 1 percent in 2015. The economic slowdown is partly due to the February 2014 devaluation (18 percent) that affected domestic demand. The halving of oil prices since July 2014 (from US\$110 per barrel in June 2014 to about US\$45–50 in August 2015) is also compounding these negative effects. It has led to a large terms of trade shock, affected oil export revenues, and put pressure on the exchange rate as both the current account and the overall fiscal balance are expected to be in deficit in 2015. Also, Kazakhstan's economy has been affected by China's economic slowdown and Russia's recession, two of Kazakhstan's main trade partners.

The country has made strong strides in policy reforms; however, the economy remains highly natural-resource-dependent. Over the past decade, the country has made strong policy strides and absorbed large natural-resource-based earnings responsibly by implementing a rules-driven fiscal framework. However, minerals, oil, and natural gas account for 80 percent of total exports and 37 percent of GDP and economic diversification still remains a challenge. The Government of Kazakhstan (GoK) continues to pursue social, economic, and structural reforms to support sustainable diversified growth driven by the private sector. It is improving public management, reforming its business environment, undertaking reforms of the legal and regulatory framework, and making efforts to improve the education, skills, and health of the population. Kazakhstan has joined the Eurasian Economic Union and is expected to join the World Trade Organization in December 2015, giving them better access to international markets.

Kazakhstan's development objective of joining the top 30 most developed countries by 2050 depends on its ability to sustain balanced and inclusive growth. In the near to medium term, economic prospects depend on a continuation of stability-oriented macroeconomic policies which hinge on continued adherence to the rules-driven framework for resource earnings and sustainable financial sector development. Enhancing medium- to long-term development prospects depends on the country's ability to diversify its endowments—namely, creating skilled human capital for a diversifying and competitive economy and inclusive growth.

### **Sectoral and institutional Context**

Historically, education has been a priority in Kazakhstan. Education reforms have evolved since its independence to address legacy, national identity, and the demands of a modern and competitive economy. There are 7,667 schools enrolling 2.5 million students. Approximately 25 percent of schools are located in urban areas of the country and serve 48 percent of the student population, whereas 75 percent of schools are located in rural locations and serve the remaining 52 percent of students. In recent years, the country has made significant strides toward universal access and enrollment with gender parity. The net enrollment rate for primary and lower secondary education (ages 5–14) is 99 percent; and for upper secondary education (ages 15–19) is 86 percent. The difference in enrollment rates between boys and girls is less than one percentage point. The challenge for Kazakhstan today is providing quality education for all.

The Programme for International Student Assessment (PISA) 2012 results show marked

improvements and narrowing gaps in achievement compared to 2009. However, the results placed Kazakh students significantly behind their counterparts from countries of similar income level with significant disparity. In 2009, 59 percent and 55 percent of students scored below the basic competency level in math and science, respectively; in 2012, these had fallen to 45 percent and 42 percent, respectively. In reading, 58 percent of students did not achieve the basic level of competency in 2009 and this essentially remained unchanged in 2012. The results also show wide but narrowing disparities in learning by income level; there were 91 points (equivalent to over 2 years of schooling) between the top and bottom quintile in 2009, reducing to 73 points in 2012. However, it must be noted that while the lowest quintile improved its performance by 8 points between 2009 and 2012 (and the second to fourth quintiles also experienced improvements, though smaller), the scores in the top quintile fell by 10 points. Urban schools performed better than rural schools. Finally, PISA scores were higher in schools with Russian language of instruction compared to schools with Kazakh language of instruction, though here too the disparities have been decreasing, in this case because of improvements in scores in Kazakh-language schools and a deteriorating performance in Russian-language schools. The PISA results mirror the results of other international assessments. In 2011, Kazakhstan participated in the Trends in International Mathematics and Science Study. Grade 4 Kazakhstani students scored 501 points in math, right at the mean; while Grade 8 students scored 487 points, just below the mean of 500 points. In science, Grade 4 and grade 8 Kazakhstani students scored 495 points and 490 points, just below the mean.

Kazakhstan has a clear policy on teacher quality that supports teachers to improve instruction through professional development and has made progress in addressing teacher shortage in hard-to-staff schools. However, challenges remain in attracting the best into teaching and motivating teachers to perform. Despite substantial increases in teachers' pay, the teaching profession remains one of the lowest paid professions.

Further, the policy on teacher quality does not adequately address pre-service training and qualifications to create a strong teaching workforce in Kazakhstan. The initial teacher education does not provide prospective teachers with the knowledge and skills needed to be successful in classroom. Pre-service training is dominated by theory and has little contact with practice. While the teaching practice has been increasingly shifting to a student-centered approach, it has not been translated into significant improvement of learning strategies by students, who still rely on memorization rather than inquiry-based problem solving and critical thinking.

Kazakhstan's student learning assessment system has a strong foundation. Classroom assessments are conducted at school level on a regular basis. The country has been an active participant in international assessments. The Unified National Test (UNT) is used to certify learning at the end of the secondary cycle as well as for admission to higher education. However, while formative assessments have been introduced to teachers, they have not been practiced in classrooms to assess student progress and to inform the teaching strategy and professional development of teachers.

The education system continues to devolve from a top-down and centralized planning past. Education budgets are decentralized to local government (akimat) level. School principals prepare budget requests for decision by the akimat, which exercises full discretion. Autonomy in personnel management is exercised by school principals for hiring and firing of staff and the akimat level is solely responsible for appointing school principals. Stakeholders like parents participate in school activities through school councils without legal authority and school accountability is hampered by the lack of power of parents over key issues of budget and personnel management and weak

linkages between student and teacher performance and school accountability.

Education spending has seen a declining trend and resource distribution is unequal. Expenditures of education have decreased from a share of 6 percent of GDP in the 1990s to around 3.6 percent in 2012, a level substantially below comparator countries and the Organization for Economic Co-operation and Development (OECD) average of 5–6 percent. General education is largely locally financed but the current intergovernmental transfer system is not working to address regional and local disparities caused by varied endowments and tax revenues. The lack of a mechanism to equalize at the national level exacerbates the disparities between rich and poor regions and rural and urban populations in financing recurrent school costs. Among the resources available to schools, infrastructure has received most attention in recent years. Large numbers of facilities have been built or rehabilitated to address the needs in regions with growing student populations. Yet concerns exist about the equity and efficiency of distribution of other educational resources. A formula-based per-student financing scheme was developed and piloted which could address equity and efficiency in allocation but it faced numerous challenges, including lack of stakeholder support, effectiveness of the formula, and the conditions and capacity to be in place such as providing the position of a school accountant, legal barriers to opening an account at the school level, and training of school principals and akimat officials.

Kazakhstan has maintained gender parity in universal access between boys and girls in primary and secondary education. However, the learning outcomes are less equal as reflected in the PISA 2012 results. Performance in math does not vary by gender but reading remains a major challenge for boys. The difference in reading scores for boys was equivalent to one-year schooling behind that of girls.

Driven by the ambition to race to the top and building on the reforms to date, the GoK has established a strategic vision for the country and for the education development. The Kazakhstan 2030 Strategy provides an overachieving framework with a political vision and rationale for reforms of the economy and society. The State Program of Education Development 2011–2020 (SPED) has laid out the priorities, targets, and indicators to be achieved by 2020 from preschool to higher education. The main policy measures for primary and secondary education include developing new mechanisms of education financing, including per-capita financing (PCF); training highly qualified staff for the education sector and providing them with more support and incentives; developing public-private partnerships and introducing elements of corporate governance systems in schools; improving student assessment methods; transitioning to a 12-year education model and updating the curricula; addressing the challenges of small-class schools; and developing the concept of inclusive education and supporting low-performing students in schools.

In order to address shortcomings in its education sector, the Ministry of Education and Science (MOES) established the Nazarbayev Intellectual Schools (NIS), a project establishing 20 “intellectual schools for gifted and talented children aimed at education and upbringing of a new generation of intellectual elites.” The NIS introduced many innovative practices generated through international partnerships with Kazakh institutions responsible for curriculum development, assessment, and pedagogical practice. In an effort to transfer the NIS innovations into the mainstream system, the MOES has led the development of a new program of partnership of NIS schools, international partners, and the Kazakhstani education research community. A concrete output is a set of new education standards elaborated in a competence-based curriculum with an aligned pedagogical approach and assessment practice and a new model of professional

development of teachers. To spur the transfer of knowledge and innovation, the MOES laid out the following priorities in its Strategic Plan 2016–20: (a) introduction of a new education program across all subjects from Grade 1; (b) partial introduction of a new project work on science and math subjects and critical thinking in 11-year schooling; and (c) revisions of in-depth study of language and use of information and communication technologies.

## II. Proposed Development Objectives

The project development objective (PDO) is to support the GoK's program to improve the quality and equity in primary and secondary education, in particular in underperforming and disadvantaged schools

## III. Project Description

### Component Name

Supporting system-wide reform

### Comments (optional)

The objective of this component is to improve curricular standards, policies, and programs. The subcomponents include a set of related initiatives necessary to introduce the new curriculum that will be piloted and evaluated and subsequently scaled up using existing national systems and resources.

### Component Name

Raising results in under-performing schools

### Comments (optional)

The objective of this component is to improve student learning outcomes in approximately between 400 and 1,000 poor-performing schools, through improved access to learning materials and enhanced teacher capacity.

### Component Name

Supporting citizen engagement, monitoring and evaluation, and implementation

### Comments (optional)

The objective of this component will be to engage and support stakeholder and citizen participation, monitor and evaluate project implementation and results, and support project implementation.

## IV. Financing (*in USD Million*)

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			100.00
Total			100.00

## V. Implementation

The MOES will be the implementing agency for the project through its Information and Analytical Center and Secondary Education Department. Other departments and affiliated institutions of the MOES will participate in and contribute to implementation.

A Project Implementation Unit (PIU) will be established in the MOES and maintained throughout project implementation, with composition set forth in the Project Operations Manual to manage and coordinate routine implementation including coordination and monitoring, drafting technical and reporting documents, and supporting financial management and procurement work.

A Technical Advisory Panel will be established drawing on international and national expertise to provide technical oversight and guidance on policy and technical issues during implementation. The panel will be led by a chairperson and consist of prestigious international and Kazakhstani experts who have in-depth knowledge of global trends in teacher policy, curriculum, and assessment, and school reforms in Kazakhstan. The panel will regularly review the status of implementation and advise the MOES leadership on key issues and actions.

## VI. Safeguard Policies (including public consultation)

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

### Comments (optional)

## VII. Contact point

### World Bank

Contact: Dingyong Hou  
 Title: Senior Education Specialist  
 Tel: 458-2775  
 Email: dhou1@worldbank.org

### Borrower/Client/Recipient

Name: Republic of Kazakhstan  
 Contact: Bakhyt Sultanov  
 Title: Minister of Finance  
 Tel: 7172717765  
 Email: administrator@minfin.kz

### Implementing Agencies

Name: Ministry of Education and Science  
 Contact: Aslan Sarinzhypov  
 Title: Minister  
 Tel: 7016555100  
 Email: pressa@edu.gov.kz

**VIII. For more information contact:**

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