### BASIC INFORMATION

**A. Basic Project Data**

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uzbekistan</td>
<td>P165737</td>
<td>Uzbekistan Promoting Early Childhood Development Project</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE AND CENTRAL ASIA</td>
<td>03-Dec-2018</td>
<td>04-Mar-2019</td>
<td>Education</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Ministry of Preschool Education</td>
</tr>
</tbody>
</table>

**Proposed Development Objective(s)**

The project development objectives are to increase access to early childhood education, improve the quality of learning environments in project-supported public preschools, and enable a systematic measurement of education quality for informed decision-making.

**Components**

1. Improving Quality of Preschool Education
2. Increasing Access to Quality Early Learning Environments
3.Partnering with the Private Sector through a Social Impact Bond
4. Establishing an Education Quality Measurement System
5. Supporting Project Management

### PROJECT FINANCING DATA (US$, Millions)

**SUMMARY**

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>69.35</td>
</tr>
<tr>
<td>Total Financing</td>
<td>69.35</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>55.00</td>
</tr>
<tr>
<td>Financing Gap</td>
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</tr>
</tbody>
</table>

**DETAILS**

World Bank Group Financing
B. Introduction and Context

Country Context

1. Uzbekistan is Central Asia’s most populous country, and its 32.1 million people account for over half of the region’s total population. The country has a growing and young population, which represents both an opportunity and a challenge for the economic transformation. The current process of social and economic opening has been receiving widespread support from the population and has generated an upbeat mood in the country. Citizens have responded positively to the changes, as they feel that they are finally starting to be heard and that the Government of Uzbekistan (GoU) is genuinely interested in improving their economic situation. Given the high expectations, the GoU is under pressure to deliver tangible results as soon as possible, especially as Uzbekistan is facing a major jobs challenge with a rapid rise of the working age population which has been increasing by some 50 percent since 2000, from 14 million to 22 million today.

2. The transition of Uzbekistan to a market economy requires important economic and social changes from a state- to a private sector- driven model, from an inward- to an outward-looking growth and jobs drivers, and from general government subsidies to modern targeted social protection. These changes represent major steps toward Uzbekistan’s strategy of stimulating equitable growth and jobs. Within this context, investments in human capital should become fundamental for Uzbekistan’s economic transformation and growth. New global evidence based on data from over 1,500 household surveys shows that human capital is the most important component of wealth globally. In high-income economies, human capital reaches 70 percent of wealth.\textsuperscript{1} Holistic investments in young children, including through immunization, nutrition, stimulation, and education interventions, are highly effective means to develop

the human capital that is needed to drive economic development in the country, and the GoU is keen to take this into account in its policies and programs.

Sectoral and Institutional Context

3. Data show that Uzbekistan’s preschool system is currently inefficient. Overall, the system is characterized by high expenditures, low enrolment and unknown quality. The GoU spends a large share of its resources on education, and considerably more than other countries in Central Asia and even the OECD average. However, despite the high level of expenditure in preschool education in Uzbekistan, and the demonstrated positive impacts of Early Childhood Development (ECD), only approximately 29 percent of children aged 3-7 were enrolled in preschools in 2017, which is extremely low compared to other countries’ rates. This low preschool enrollment rate in Uzbekistan is also in stark contrast with its nearly universal enrolment in general secondary education.

4. At present, there is no system in place to measure quality within the preschool system in Uzbekistan. Limited information and capacity to monitor quality hinders policymaking regarding preschool education in the country. The measurement of quality is important to assess whether preschool children are being adequately prepared to enter primary schools. Research suggests that the benefits of ECD programs are largely contingent on quality. Preschool students are beginning to build their socioemotional, linguistic and physical skills, and the extent to which they develop these core capabilities influences their ability to learn effectively when they enter a formal education environment and so determines their readiness for school.

5. Quality measurement is a challenge not only in preschool education, but also in general secondary education, which covers grades 1 to 11, in Uzbekistan. On the latter, while assessments of students’ outcomes do take place in the country, these are not done under a standardized and systematic approach, so their results can’t be compared over time. Thus, it isn’t possible to tell whether quality is improving based on the results of the current national assessments. The State Inspection for Supervision of Quality of Education (SISQE) under the Cabinet of Ministers is the agency responsible for the measurement of quality in preschool and general secondary education in Uzbekistan, among other tasks such as the licensing of preschools and attestation of preschool teachers.

6. At present, the supply of preschool education services in Uzbekistan is mostly financed by the state, and the large majority of preschools are public (96 percent), yet these services are not free. It is important to note that compulsory and free education covers grades 1 to 11, so it currently does not include preschool education. Families who wish to enroll their children in public preschools must pay fees, which are mostly to cover the costs of meals.

7. Additionally, teaching conditions in preschools are sub-optimal. The majority (about 77 percent) of preschool teachers hold only a secondary vocational education degree.² Currently, the model for pre-service and in-service training for preschool teachers does not support innovative and child-centered practices focused on holistic child development outcomes. Furthermore, the student-teacher ratio in urban preschools is over 25:1, versus barely 5:1 in rural areas.³ In this context, the GoU faces the challenge of

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improving the quality and reshaping the role of preschool teachers within the education system, while also expanding the workforce required to meet the demand of increased ECD service provision.

8. The capacity of the preschool education system needs to be improved for the country to address the challenges in expanding access while improving quality. There are new key institutional actors in the system, and the decision-making is fragmented, which is likely to contribute to sectoral inefficiencies. Until the recent creation of the Ministry of Preschool Education (MPSE), decisions regarding preschool education were made by the Ministry of Public Education, though there has historically been little coordination with other key ministries dealing with ECD, including the Ministry of Health (MoH) and the Ministry of Employment and Labor Relations. Additionally, there is the Ministry of Higher and Secondary Specialized Education, who is responsible for higher education, as well as secondary specialized, vocational education. This division of roles and responsibilities poses clear challenges in coordination and regulation.

9. In December 2016, the GoU approved the Program for Further Improvement of the Preschool Education System from 2017 through 2021. This national program aims at (i) creating conditions for a comprehensive intellectual, emotional, aesthetical and physical development of children, based on best international good practices, (ii) improving the quality of preschool education, and preschool children readiness, based on widely adopted international practice, (iii) establishing 6,100 half day groups in preschools for children aged 5-6, (iv) improving the curricula and syllabi for pre-service and in-service training of preschool teachers through modern educational technologies and methods, and (v) improving the material and technical infrastructure conditions of 2,200 preschools institutions, including the construction of new preschools in rural settlements, provision of equipment, furniture, teaching and learning materials and multimedia tools compliant with modern requirements.4

10. The GoU’s plan for expanding ECD service provision is two-fold with state provision of services in rural areas and public-private partnerships in urban areas. The MPSE and the Ministry of Finance (MoF) are developing hybrid models, which would be specific to Uzbekistan and be done in partnership with the private sector. The planned reforms would allow for the establishment and operation of stand-alone private preschools, networks of private preschools, firm-sponsored preschools, and international and domestic private providers. Additionally, incentives like tax deductions, land allocations and low-interest bearing loans to stimulate take up and growth are being considered. These models may free State budget for public provision of no-fee or low-fee preschools to children living in rural areas, where fewer parents have the means to pay the fees for private preschool services, as mentioned above.

11. The envisioned partnerships with the private sector would also allow for an innovative performance-based approach to finance the expansion of ECD services in the country through a social impact bond. Widely defined as a financing model under which investors provide upfront capital for services provision, and a government agency repays investors contingent on outcome achievement, Social Impact Bonds (SIB) are a recent addition to the configuration of public-private partnerships.

C. Proposed Development Objective(s)

4 Presidential Decree # 2707 on “Measures Aimed at Further Improvement of the Pre-School Education System in 2017-2021” dated December 29, 2016.
Development Objective(s) (From PAD)

12. The project development objectives are to increase access to early childhood education, improve the quality of learning environments in project-supported public preschools, and enable a systematic measurement of education quality for informed decision-making.

Key Results

13. The following key results are expected by the end of the implementation of the proposed Project:
   - Enrollment of children ages 3-7 in preschools reaches 40 percent.
   - 30 percent of public preschools with high-quality learning environments.
   - Systematic measurements of preschool education quality produced by the new quality assessment system are used to inform plans or policies.
   - Systematic measurements of general secondary education quality produced by the new quality assessment system are used to inform plans or policies.

D. Project Description

14. The proposed Project would be implemented over a period of five years (from 2019 to 2024), organized around five components, and financed mostly by an International Development Association (IDA) Credit of US$ 55 million. The following two grants have been identified as co-financing sources for the proposed Project: (i) Global Partnership for Education (GPE) Multiplier Fund Grant of US$ 9.5 million, and (ii) Global Partnership for Output-Based Aid (GPOBA) Grant of US$ 4.85 million, for a total of US$ 69.35 million.

15. Component 1 – Improving Quality of Preschool Education. This component is comprised by two clusters of activities, one on quality, and one on system capacity and governance.

16. Sub-Component 1.1 – Improving Preschool Education Quality. The objective of this sub-component is to improve quality of preschool education in Uzbekistan to ultimately produce better child outcomes. By the end of the Project, it is expected that the development of 6- to 7-year-olds would improve in Project-supported preschools. It is important to note that preschool education quality measurement is handled under the comprehensive education quality measurement framework supported by component 4.

17. Sub-Component 1.2 – Enhancing System Capacity and Governance. This sub-component aims at enhancing the capacity and governance for improved preschool education service provision in Uzbekistan.

18. Component 2 – Increasing Access to Quality Early Learning Environments. This Component would support the improvement of quality of early learning environments, as well as non-center based activities for children not enrolled in preschools. By supporting these activities, it’s expected that access to preschool education would increase.

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5 The GPE Multiplier Fund for Uzbekistan to support the implementation of the national Education Sector Plan (an Education Sector Program Implementation Grant), includes US$ 0.5 million to co-finance the supervision of the implementation of the proposed Project. Thus, the amount of US$ 0.5 million is not included in the total project cost.
19. **Sub-Component 2.1 – Improving Early Learning Environments.** This sub-component would finance the purchase of modern child-friendly and age-appropriate equipment and furniture, as well as teaching and learning materials. This sub-component would also finance the purchase and distribution of laptop computers and printers to ensure connectivity, reporting capability, and efficient management of the Preschool Management Information System that is being installed by the MPSE. This equipment would be provided to existing 4,940 public preschools, Regional and District Preschool Education Departments, In-service Teacher Training Institutes, and the MPSE. No civil works would be required for the installation of these goods in Project-supported public preschools and institutions. This sub-component should the preparation of an environmentally sound disposal plan for all electronic equipment to be procured through it to ensure that this equipment will not cause environmental and health risks in future, when they become obsolete. Furthermore, the MPSE should ensure that selection of indoor and outdoor recreation equipment is made in accordance with the applicable safety and health standards and regulations; safe installation of equipment should be ensured.

20. **Sub-Component 2.2 – Expanding Access through Alternative Models.** This sub-component would finance the development, implementation and evaluation of the following non-center based (alternative) models of ECD service provision: (i) a home visiting program focused on the first 1,000 days of life of children, and (ii) an early learning playgroup (community-based) program for children between 3 and 6 years old. This sub-component would also finance an Engaged ECD Pilot in one of the regions selected for the implementation of project-supported alternative models.

21. **Component 3 – Partnering with the Private Sector through a Social Impact Bond.** This component would finance the implementation of an innovative impact financing approach – a Social Impact Bond (SIB) - through partnerships with private providers/preschools. A SIB is a Results-Based Financing (RBF) mechanism that ties financial returns and payments to rigorously measured social results. In a SIB, an investor provides a service provider with the upfront capital necessary to deliver a service, and an outcome payer repays the investor contingent on the achievement of previously agreed results. The investor receives a return only if outcomes are achieved. The achievement of agreed upon results is verified by an independent evaluator. SIB operators would be 70 private preschools located in urban areas of Uzbekistan, which would be selected by the MPSE in accordance with some criteria acceptable to the World Bank. SIB preschools would follow the technical and operational guidance provided by the lead contractor. The GoU through the Ministry of Finance would be the SIB outcome payer.

22. **Component 4 – Establishing an Education Quality Measurement System.** This component would support the establish of a system to measure education quality for informed decision-making in Uzbekistan. This system would cover preschool and general secondary education, which is known as continuous education in the country.

23. **Sub-Component 4.1 – Supporting the Establishment of Center to Measure and Monitor Quality.** This sub-component would finance the establishment of the National Center for Quality Education (NCQE) under the SISQE.

24. **Sub-Component 4.2 – Developing and Modernizing Student Assessment Systems.** This sub-component would support the following three clusters of activities: (i) developing and modernizing
processes to measure quality in continuous education; (ii) building capacity in education quality measurement; and (iii) supporting participation in international assessments/surveys.

25. **Component 5 – Supporting Project Management.** Activities related to day-to-day management of the proposed Project, its monitoring and auditing would be supported by this component.

26. **Sub-Component 5.1 – Supporting Project Management, Monitoring and Audits.** This sub-component would support the day-to-day management and monitoring of the proposed Project through the establishment and maintenance of the Project Management Team (PMT). The PMT would provide managerial, fiduciary and technical support to the implementation the proposed Project for its full duration.

### E. Implementation

#### Institutional and Implementation Arrangements

27. Even though ECD-related responsibilities are shared by various Ministries in Uzbekistan (including the MPSE, Ministry of Higher and Secondary Specialized Education, and MoH), clearly the MPSE plays the lead role in policymaking, strategic planning, and monitoring. Other agencies with roles and responsibilities in ECD in the country include the Ministry of Finance, and SISQE. The latter is responsible for quality measurement, attestation of preschool education staff, accreditation, and licensing of institutions.

28. The proposed Project would be implemented by the MPSE except for component 3 (SIB), which would be implemented by SIB operators (private preschools to be selected in accordance with the SIB selection criteria to be defined in the POM) with strong support from the SIB lead contractor. The implementation of component 4 (education quality measurement system) would require close collaboration between MPSE and SISQE, given the nature of activities to be supported through this component.

### F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

All regions of Uzbekistan

### G. Environmental and Social Safeguards Specialists on the Team

Qing Wang, Environmental Specialist
Aimonchok Tashieva, Social Specialist
### SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>No</td>
<td>Project activities have evolved with project preparation. At the appraisal stage, it is confirmed that the project will not finance any civil works. The project will not trigger environmental safeguard policies. However, the project Sub-Component 2.1 – Improving Early Learning Environments (US$43.5 million) will finance the purchase of thousands of modern child-friendly and age-appropriate furniture and indoor and outdoor recreation equipment, and the purchase and distribution of thousands of laptop computers and printers for all existing public preschools, and the Component 3 will also finance similar equipment and furniture through the SIB. Therefore, as an integral project activity, the project will support preparation of an environmentally sound disposal plan for all electronic equipment to be financed by the project to ensure that these equipment will not cause environmental and health risks in future when they are retired. Furthermore, the PMU should also ensure that selection of outdoor recreation equipment is made in such a way that kids can enjoy and develop different skills and of having safety measures/surfaces that come alone with these equipment, and that safe installation is supervised.</td>
</tr>
<tr>
<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
<td>No</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>The project will not finance any civil works.</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>The project will not finance any civil works.</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>No purchase or use of pesticides is anticipated under the project.</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>No</td>
<td>The project will not finance any civil works.</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>No</td>
<td>None of the project activities will require Involuntary Resettlement or land acquisition. Activities are not expected to cause economic or physical displacement either. Project-level GRM will still be established and maintained throughout the project implementation.</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>No</td>
<td>No project sites will impact the dams or will depend on the performance of the dams</td>
</tr>
<tr>
<td>--------------------------</td>
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<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>No</td>
<td>No waterways, internal or international, will be involved in the project</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>No</td>
<td>N/A for this project</td>
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**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
   This project will not finance any civil works, therefore there is no any potential large scale, significant impacts.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
   Not applicable

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
   Not applicable

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
   This project will not trigger environmental and social safeguard policies. As an integral part of the project, the project will support preparation of an environmentally sound disposal plan for all electronic equipment (thousands of them) to be financed by the project to ensure that these equipment will not cause environmental and health risks in future when they are retired. Furthermore, the PMU should also ensure that selection of indoor and outdoor recreation equipment is made in such a way that kids can enjoy and develop different skills and of having safety measures/surfaces that come alone with these equipment, and that safe installation is supervised.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
   Not applicable.

**B. Disclosure Requirements**

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**
The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
NA

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
NA

Have costs related to safeguard policy measures been included in the project cost?
NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
NA

CONTACT POINT

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APPROVAL

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Hideki Mori  05-Dec-2018