

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

Report No.: AB3574

<b>Project Name</b>	Education Sector Development Project
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Sector</b>	Primary education (45%); Secondary education (40%); Tertiary education (15%)
<b>Project ID</b>	P102117
<b>Borrower(s)</b>	REPUBLIC OF AZERBAIJAN
<b>Implementing Agency</b>	Ministry of Education Khatai Ave, 49 Baku Azerbaijan Tel: 994 12 496 06 47
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	January 17, 2008
<b>Date of Appraisal Authorization</b>	January 24, 2008
<b>Date of Board Approval</b>	April 24, 2008

**1. Country and Sector Background**

**Recent impressive economic performance due to the development of Azerbaijan’s vast oil and gas sector has reinforced the imperative for reforms to maintain sustainable long-term growth**, and for continued investment in human capital to meet the demands of a thriving market economy with a burgeoning private sector. Improving the quality and effectiveness of the education system are a high priority for the government. Education reform is one of the key priorities of Azerbaijan’s National Employment Strategy approved in late 2005, broadening the need for engagement of the education sector as well as its beneficiaries.

**Since 1996, Azerbaijan has been making noteworthy and sustained progress towards a market economy**, after a period of economic crisis that marked its independence from the former Soviet Union in 1991. Azerbaijan’s real GDP steadily declined to 58 percent of its pre-transition level in 1995. Since then, the government has taken effective measures to achieve macroeconomic stability, improve the business climate, and promote private sector development. These measures together with the recent oil boom have translated into a solid and continuous growth—since 1998, Azerbaijan has enjoyed one of the highest rates of economic growth among the CIS countries. By 2005, the Azerbaijan economy has more than fully recovered the losses incurred during the early years of transition. With the reactivated oil potential, the current trend of growth is projected to continue up to the end of the decade, at which time, Azerbaijan’s GDP is expected to double from its current level. Though much of this growth is oil driven, various non-oil industrial and service sectors of the economy are also on a solid growth trajectory.

**Notwithstanding the current successes in growth and in overall poverty reduction, Azerbaijan faces substantial challenges in achieving sustainable and equitable long term growth and competitiveness.** The economy remains largely driven mainly by oil and gas sectors; and the bulk of business and economic activities is concentrated in the capital city. As a result, the residents of the capital

city have enjoyed disproportionately larger share of the employment opportunities generated and the resulting improvements in welfare: Baku saw a 26.8 percentage points decline in poverty during 2002-2005 (compared to only 16.8 percentage points for rural areas). Lack of substantial growth in employment in non-oil sectors, limited asset base and commercial opportunities, and weaker access to basic health and education in rural areas and provincial towns are the main factors behind the growing disparity between the capital city and the rest of the country and the increased rural-to-urban migration. Moreover, while poverty incidence is not significantly higher among internally displaced population, these groups are particularly vulnerable, because they are deprived of self-reliant economic opportunities and are heavily dependent on state transfers.

**Achieving a sustainable growth and higher productivity demands the development of a workforce with knowledge and skills that match the demands of a growing market economy.** Any country's greatest capital and wealth is its human potential, especially as related to the higher level of education and variety of professional skills. With knowledge becoming an increasingly important driver of growth and competitiveness in the global market place, the importance of education cannot be overemphasized.

### **Government Education Policies and Strategies**

**Realizing the role of the education sector for promoting its growth and competitiveness, Azerbaijan approved an Education Reform Program (ERP) in 1999 and made education reform one of the key priorities of its National Employment Strategy approved in late 2005,** broadening the need for engagement of the education sector as well as its beneficiaries. The relevant Ministries are spearheading the efforts with anticipated closer European cooperation and integration, resulting in a State Commission on Integration of Azerbaijan to Europe in 2005. Currently, Azerbaijan's education system is perceived to lag behind its comparators in quality of education, research and development (R&D) investment, and exploitation of technological innovations. Azerbaijan faces extremely low rate of participation at its tertiary education system.

**Between 2004 and 2006, spending on education increased by 82 percent to AZN 447 million in 2006.**<sup>1</sup> Salaries accounted for the large majority of general school funding, with only 10 percent going to non-salary expenses.<sup>2</sup> In 2007, a further increase of 47.1 percent went to Education sector, a 12.8 percent of the national budget. The Ministry of Education-managed funds have increased to 33.8 percent of the total education budget due to the new programs under its responsibility (Education and ICT, Pre-School, VET, textbooks, school furniture and equipment, etc.). As a result, education quality-oriented non-salary investments in Azeri schools emerge as the current priority.

**Some progress has been made under APL1 in laying the foundations for improving the quality of education, including:** (i) design of the curriculum reform and introduction of a new textbook policy entailing the free distribution of textbooks in core subjects; (ii) establishment of a national system of student assessment involving national testing and participation in PISA 2006; (iii) establishment of the EMIS department and the Policy Analysis and Planning Unit at the Ministry of Education; and (iv) approval of a national strategy for the professional development of teachers.

### **Key Sector Issues**

**Azerbaijan needs to quickly improve the productivity of its labor force and the quality of general education is a contributor to that productivity.** As expectations for education and training are changing, the sector is entering a new phase in which the focus is no longer just on access to schooling

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<sup>1</sup> Approximately 2.7 percent of total GDP, or 5.6 percent of GDP at purchases prices minus oil and gas production.

<sup>2</sup> There are 1.6 million students, in the system, and 174,000 teachers.

but rather on equitable access to learning. Ensuring quality, relevance and equal opportunity requires an increasingly complex strategy with a shift in focus from inputs to processes and outcomes, and from a level-specific to a sector-wide perspective. If serious education reform actions are not taken on a large scale and with determination, the investments the government of Azerbaijan is presently making in improving physical facilities and putting educational technology in the schools will not improve learning outcomes, and the gap between Azerbaijan and comparator countries will widen, leaving its school graduates at a growing disadvantage and the economy ill-prepared to compete in a world which relies increasingly on knowledge and on high-order thinking skills.

**The quality of education in Azerbaijan is worrisome.** PISA results released on December 2007, rank Azerbaijan among the lowest of all 57 participant countries. While the Mathematics results show that the Azeri education system has the potential to deliver good quality, the Reading and Science results are extremely worrying, and certainly provide a very solid justification for an education intervention geared towards improved reading comprehension skills. Putting emphasis on reading comprehension and literacy is critical as these are *instrumental* skills which strongly determine achievement in most curriculum areas.

**Poor performance in PISA is related in part to outdated curricula and to deteriorating quality of teachers.** Compared with OECD countries, general education curricula in Azerbaijan has heretofore remained among the most outdated and over-loaded, in its reliance on teaching facts rather than focusing on independent, research-based, student-centered learning emphasizing the development of higher order thinking skills. Another source of poor performance is teacher training which focuses on theoretical subject-based knowledge instead of equipping teachers with the skills they need to promote meaningful learning in students. Furthermore, external support to teachers, options for professional development and teacher supervision are very limited. The Government is addressing some of these issues with the recently approved Concept and Strategy for Teacher Professional Development, supported by APL 1.

**The immediate challenge is the necessary transition from a selection-driven to a learning-driven school system.** Structural disincentives focus education resources and attention on student selection rather than on the transfer of fundamental and relevant skills to all. Reforms need to facilitate a more flexible and inclusive education system, driven by learning and not by selection. The challenge for Azerbaijan is to shape up a new *assessment culture*, which emphasizes not just standards, but a commitment to improving learning outcomes for all students. In this regard, it is not enough to have the national capacity to measure learning outcomes. What really makes the difference is *the capacity to use* learning outcomes information for quality improvement and equity enhancing purposes. This includes the *capacity to communicate* the information to the wider public, the *capacity to learn* from the results on the part of practitioners, and the *capacity to make evidence-based policy choices* based on the results on the part of administrators. APL 1 has been relatively successful in creating the capacity to measure outcomes and now the proposed project has to build the second set of capacities. Considering the wealth of student achievement data available (national tests, graduation examination and PISA 2006), there is a lot of potential in this area for Azerbaijan.

The network of preschools is deteriorating and preschool enrolments are declining. **The majority of preschools are in poor condition, and they lack learning materials, furniture and equipment.. Only 18.2 percent of preschool age children are enrolled in preschool, the gap between rural and urban areas is widening (12 and 35 percent, respectively), and only 75 percent of the existing capacity is being used. This is having a huge impact on the school readiness of Azeri students, thus seriously damaging their future performance. The Government is increasingly concerned about the situation of Kindergartens and has recently approved a Presidential Program (2007-2010) which is still to receive the necessary funding.**

**Existing strategic and management capacity is not commensurate with new demands and there is a widespread perception of corruption in the education sector.** The ongoing reform agenda requires new types of management skills through which the technical and the political are intertwined. However, the sector's capacity to translate its strategic vision into action, monitor results and change course is still relatively fragile. Accounting for this fact are, among others, a weak incentive system, authority structures which are over-centralized, and an EMIS and Policy Analysis and Planning Unit still not sufficiently in touch with Rayon Education Departments (REDs). In this regard, and despite their limited capacity, the potential of engaging the Rayon Education Departments in the quality agenda is considerable, as there is already evidence that municipal support is associated with a rise in test scores.

## 2. Objectives

The Project Development Objectives are

- More effective teaching in general secondary schools, and, where relevant, improved learning results in schools: a) which receive new school libraries, b) where teachers adopt improved teaching practices as a result of in-service training.
- Improved efficiency of spending in education.

To monitor progress with meeting APL2s objectives, **the following outcome indicators will be used:**

- Improved test scores in project's targeted schools equipped with new libraries (compared to control group)
- Increased proportion of teachers using active methodologies in the context of the new curriculum.
- No change in the ratio of student to the number of full-time equivalent teachers<sup>3</sup>

The objectives above will help create, foster and sustain the policy frameworks, institutional capacities, and implementation mechanisms that will contribute to medium term improvements in learning outcomes. The project will support this via the establishment of a revised curriculum, new teaching methods and learning tools, a learning assessment system and the strengthening of management, implementation and governance capacities.

## 3. Rationale for Bank Involvement

**As of July 15th 2007, all six triggers considered as prerequisites for World Bank support of the second phase of the education reform program were met.** This is indeed a good indicator of strong government commitment to reforms in the sector. The proposed project will then take the education reforms to the next level, focusing on the accelerated implementation of the new curriculum, teachers' professional development, student assessment, and education reform management capacity at national, regional, and local levels. The Bank has been supporting this quality agenda for almost eight years and is now trusted by the Government as the only development partner that can shape, add value, and gear such agenda in the right direction.

**The education sector in Azerbaijan is not receiving the support of many international donors,** which further strengthens the case for continuing the support from the Bank. As far as education quality reforms

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<sup>3</sup> According to UN population projects (median variant), the school age population of Azerbaijan is likely to decline by 16 percent between 2008 and 2013. Thus, to maintain constant student-teacher ratios (measured on a full-time equivalent basis), 16 percent of the teacher workforce would have to be laid off, assuming constant enrollment rates. Obviously, if enrollment rates improve, student-teacher ratios could improve, without such drastic cut in the number of teachers.

are concerned, UNICEF and OSI would be the exceptions to that rule, as they have been involved in the implementation of APL 1, providing support to the introduction of active teaching methods and particularly to all teacher training activities in the case of UNICEF, and in textbook development and school grants in the case of OSI.

#### 4. Description

The proposed project will concentrate on reforms related to the quality of education as these are now identified as the most urgent priorities. This focus is a natural transition from the previous project (APL1) which focused on planning the reforms and building the capacity to manage them. Thus, the project will support the implementation and scaling up of the reforms. A summary of components and activities follows below:

Component	Key project activities	Expected outputs
<p><b>Component 1. Supporting the Development and Implementation of the New National Curriculum.</b></p> <p>Estimated total cost 26.7 US\$ million (6.3 IDA)</p>	<p>The objective of this component is to successfully engage teachers, students and education managers in the implementation of the new curriculum in primary and secondary education. This requires investments and interventions focused on supporting practitioners in schools and classrooms as they introduce new standards, new contents, new assessment practices and instruments and new teaching methods. School libraries are a major platform for new teaching skills and for introducing a new approach to student learning.</p> <p>Key activities to be financed under this component would include the following:</p> <ul style="list-style-type: none"> <li>• Special training for curriculum development and syllabus staff and teachers in pilot schools in designing and developing sample lesson plans which support the use of ICT across the curriculum.</li> <li>• Training for local publishers and potential authors in the specialist skills of developing a new generation of textbooks oriented to the support of independent student centered learning in support of new curriculum.</li> <li>• The refurbishment of classrooms in 500 pilot schools</li> <li>• Training for school librarians, school directors and senior teachers in the use of the school libraries/resource centre in support of the new curriculum.</li> </ul>	<ul style="list-style-type: none"> <li>• The new national curriculum will be rolled out until at least the 8<sup>th</sup> grade.</li> <li>• The 12<sup>th</sup> grade of general secondary education will be ready to be launched.</li> <li>• School libraries will have been upgraded and equipped in at least 500 schools (out of 4500 schools).</li> <li>• New textbooks, teacher guides and other learning materials will be available in all schools.</li> </ul>
<p><b>Component 2. Teacher Professional Development</b></p>	<p>The objective is to support the education reform through modernization of the in-service teacher training, building on the institutional framework supported by APL 1. To successfully implement the revised curriculum, the new teaching</p>	<ul style="list-style-type: none"> <li>• All teachers in service and school principals will have received training in the new</li> </ul>

Component	Key project activities	Expected outputs
	<p>standards and new assessment methodologies, significant updating of teachers' subject knowledge and skills are required.</p> <p>Key activities to be financed under this component would include the following:</p> <ul style="list-style-type: none"> <li>• Develop the capacity to implement the approved Concept and Strategy of Continuous Teacher Development;</li> <li>• Train about 5,600 master trainers;</li> <li>• Train about 700 Rayon education methodologists</li> <li>• Train about 4500 school principals</li> <li>• Retrain about 140,000 teachers;</li> <li>• Rehabilitate 8 affiliated teacher training institutions.</li> </ul>	<p>curriculum and in new teaching methodologies.</p> <ul style="list-style-type: none"> <li>• 8 in-service teacher training institutions will be rehabilitated and equipped.</li> <li>• A credit-based certification system of in-service training activities will be approved and in operation.</li> </ul>
<p><b>Component 3. Using Student Assessment for Education Quality Improvement</b></p> <p>Estimated total base cost US\$ million</p>	<p>The objective of this component is to build up a new evaluation and <i>assessment culture</i> in Azerbaijan, a culture which emphasizes not just standards and selection of the academically able, but a commitment to improving learning outcomes for all students. Assessment information must be available in a user-friendly way to non-expert audiences, and there must be feedback from assessment to policy making.</p> <p>Key activities to be financed under this component would include the following:</p> <ul style="list-style-type: none"> <li>• Carry out sample-based testing of National Language and Math in the 4th and 9th grades (2008, 09, 10, 11 for the 4th grade and 2008 and 2011 for the 9th grade)</li> <li>• Carry out census-based testing of National Testing and Mathematics in the 4th and 9th grade. (2012 and 2013).</li> <li>• Participate in PISA (2009 and 2012) and TIMMS (2011)</li> <li>• Support the reporting and dissemination of the results to different audiences and stakeholders at the national and local level.</li> <li>• Develop and implement a plan for the effective use of national and international assessment data for quality improvement purposes</li> </ul>	<ul style="list-style-type: none"> <li>• Census-based national assessments in the 4th and 9th grade will have been conducted</li> <li>• The secondary school-leaving examination will be administered nationwide.</li> <li>• Azerbaijan continues to participate in international testing of student achievement (PISA and TIMSS).</li> </ul>
<p><b>Component 4. School readiness program, involving</b></p>	<p><b>The overall objective of this component is to provide access to preschool and increase the school readiness of children between 4 and 6 years of age, targeting low income rayons and vulnerable communities. In order to</b></p>	<ul style="list-style-type: none"> <li>• Preschool sections established in newly built or rehabilitated schools in two pilot rayons.</li> <li>• Evaluation of the parental</li> </ul>

Component	Key project activities	Expected outputs
<p><b>Preschool services, for children from vulnerable and marginalized backgrounds.</b></p>	<p><b>ensure more effective implementation and potential impact, some of the Preschool activities will be mainstreamed in Components 1, 2, and 5.</b></p> <p>Key activities to be financed under this component would include the following:</p> <ul style="list-style-type: none"> <li>• Piloting preschool sections in general schools of two selected rayons.</li> <li>• Conduct parenting awareness and training programs</li> </ul>	<p>program in the pilot rayons, including recommendations for nationwide implementation held.</p>
<p><b>Component 5. Strengthening Education Policy Development and Management</b></p> <p>Estimated total base cost US\$ million</p>	<p>The objective is to strengthen the capacity of education authorities to manage and implement education reforms. This will be achieved by addressing four key weaknesses: (i) a weak managerial and analytical capacity at all levels of the sector; (ii) a weak education management information system; (iii) lack of incentives and flexibility at all levels to target spending where it is most needed; (iv) limited public awareness of challenges and achievements in sector.</p> <p>Key activities to be financed under this component would include the following:</p> <ul style="list-style-type: none"> <li>• Training of staff in Strategic Analysis, Planning and Personnel Unit and Rayon education departments.</li> <li>• Technical and financial assistance to EMIS unit to expand the number and quality of indicators in EMIS.</li> <li>• Technical assistance to MoE staff to develop framework for rationalizing the school network, and evaluate pilots on per capita finance and greater local financial autonomy</li> <li>• Public awareness campaign on education reforms</li> </ul>	<ul style="list-style-type: none"> <li>• All education managers (in MoE and in Rayon education departments) will have received training in the use of assessment data (and other EMIS data).</li> <li>• The scope, quality and usage of EMIS will have expanded.</li> <li>• A Communication campaign to raise awareness on the education reforms will be launched at the national level.</li> <li>• A national framework for rationalizing the school network will have been approved.</li> <li>• Impact evaluation used to evaluate per capita finance pilots.</li> </ul>
<p><b>Component 6. Project Coordination, Monitoring and Evaluation.</b></p> <p>Estimated total base cost US\$ 3.6 million</p>	<p>The objective is to support the management, administration and monitoring of project activities.</p> <p>Key activities to be financed under this component would include the following:</p> <ul style="list-style-type: none"> <li>• Financing a Project Coordination Unit with core staff;</li> <li>• Implementation and management of the procurement process, disbursement and financial management, project monitoring, and reporting;</li> </ul>	<ul style="list-style-type: none"> <li>• The PCU staffed with adequate number of professional staff.</li> <li>• Project financed goods, works and services procured without delays in accordance with World Bank procurement guidelines.</li> <li>• PCU prepares quarterly and annual progress reports and submits them</li> </ul>

Component	Key project activities	Expected outputs
	<ul style="list-style-type: none"> <li>• Systematic maintenance of the Monitoring and Evaluation system with updates on key performance indicators;</li> <li>• Implementation and management of impact assessments planned</li> <li>• Facilitate coordination, communication flows and dissemination of information with component coordinators.</li> <li>• Provide training to staff in the PIU in the areas covering procurement, disbursements, information technology, project management and other areas.</li> </ul>	<ul style="list-style-type: none"> <li>• reports and submits them to IDA on a timely basis.</li> <li>• Implementation and dissemination of the results of planned Impact Assessments.</li> <li>• Monitoring and Evaluation System with updates on key performance indicators.</li> </ul>
<b>Total base cost US\$ million</b>		

**5. Financing**

	(\$m.)
Source:	
BORROWER/RECIPIENT	75.48
International Development Association (IDA)	25.00
Financing Gap	0.04
Total	100.52

**6. Implementation**

**Institutional and implementation arrangements**

*Building from the ESDP/APL 1.* The proposed second phase of the APC will benefit from the effective institutional and implementation arrangements already in place under the current ESDP/APL1 Project. After three and a half years of operation, the ESDP Project Coordination Unit (PCU), set up under a government decree as an administrative unit in the Ministry of Education, has gained valuable experience in all aspects of project management and administration, laying a solid foundation for the management of project activities under the ESDP. In the absence of a centralized management and operational framework for administering and monitoring project activities in the MOE, the establishment of the PCU with the proper structure, systems and procedures was essential to ensure the effective implementation of project activities. The PCU under the current APL 1 Project has been very effective in filling this institutional gap. Furthermore, this institutional set-up is serving to build the capacity in the MoE for the institutionalization of management and administration of projects and programs.

*Quality of Project Management and Administration under APL1.* Supervision missions in the field covering technical, administrative, financial and procurement issues have highlighted the gradual strengthening of the PCU in the administration of the project. During project implementation, the PCU benefited from on-the-job training and technical assistance provided by a part-time internationally recruited project management advisor and a procurement advisor. To support the team with monitoring and evaluation activities, an international consultant provided assistance to the PCU in the systematic maintenance of the monitoring and evaluation system, with updates on key performance indicators. In addition, the financial and procurement reviews carried out by Bank staff, together with special training received, helped the PCU strengthen its management of financial and procurement activities, earning it

“satisfactory” ratings in recent procurement and financial reviews. In addition, the financial audit reports on the Project provided favorable assessments. This was highlighted in the unqualified audit reports and positive management letters issued by the auditors.

*Evolving Role of the Project Coordinating Unit.* It was agreed that under the APL 2 Project, a new course of action would need to be considered regarding the future role of the PCU. The institutional set-up of the PCU will need to gradually be mainstreamed into the Ministry structure. Therefore, the focus will be on building the capacity in the MOE for the institutionalization of management, coordination and monitoring activities, which are currently assumed by the PCU. *A plan for the gradual phasing of the PCU responsibilities will be presented by the Government and agreed before Negotiations.* The plan could focus in the first phase on those activities currently being carried out by the PCU that can be readily transferred to another unit in the Ministry, such as monitoring and evaluation activities. This will require a review of the current structure in the Ministry to decide where monitoring and evaluation responsibilities can be assigned - - in an existing unit or in a new unit to be created. The Institutional Assessment planned for March 2008 will provide recommendations on the different institutional options to be considered.

*Institutional set-up and Administrative Structure of the ESDP.* Implementation and institutional arrangements for the APL2 would be strengthened based on ongoing and proposed changes in the Ministry of Education (see Annex 6 for details). The new organizational chart in Annex 6 highlights the evolving structure of the MOE and the new institutional challenges. While there have been a number of improvements in the organizational structure of the MOE, a number of implementation gaps have been identified that need to be addressed during project preparation so as to ensure the proper implementation of project activities under the most efficient institutional arrangements. The institutional assessment planned for March 2008 will assess the efficiency of sector policies and institutions in the education sector and provide recommendations for improving institutional arrangements in the Ministry. More specifically, it will assess issues of accountability, performance, management arrangements and organizational structure, which are important mechanisms for aligning different parts of the organization.

*Project Management and Coordination.* The administration of the project will remain under the *existing Project Coordination Unit (PCU)*, established as an administrative unit pursuant to the Government Decree ... dated ... which has been operational for over three years. ***It was agreed that prior to the Negotiations of the APL 2, the PCU would receive authorization to administer the APL 2 Project.*** The PCU would coordinate and implement the Government’s education reform as envisaged under the proposed Phase 2 of the APL. One of the key responsibilities of the PCU will be to interface meaningfully with the technical units in the MOE to ensure effective implementation. The PCU will also coordinate with other *participating institutions and partners* including: (i) key stakeholders such as parents, teachers, principals, Rayon Education Heads; (ii) NGOs, individual consultants and firms who compete for technical assistance and training activities advertised under the project; and (iii) key donor partners such as the World Bank and UNICEF, all in the service of the beneficiaries, the students. The composition and key responsibilities of the PCU are provided in Annex 6.

*Implementation Arrangements.* Implementation arrangements under the proposed APL 2 would be governed by the guidelines and procedures set out in the Operational Manual (OM). The PCU will be responsible for developing the OM, which will reflect financial management and procurement arrangements proposed under the new operation (detailed in Annexes 7 and 8 respectively). ***The approval of the APL 2 Operational Manual by the Association is a condition of Effectiveness.*** The OM will be upgraded based on the lessons learned and experience gained in the implementation of the APL 1 Project.

*Partnership Arrangements.* The APL 2 Project would benefit from the collaboration and effective working relationship established under the APL1 with UNICEF as its key donor partner. Under the APL 1, the Bank and UNICEF successfully collaborated in the implementation of a number of priority

reforms in the education sector. These cover new teachers' training curriculum and in-service teacher training. Moreover, Active Learning developed by UNICEF was introduced as in-service training to primary school teachers and Rayon Education Departments in three of the APL 1 pilot rayons. As part of the preparation of the APL2, the team is benefiting from the continued collaboration with UNICEF, particularly with regard to teacher professional development and Preschools. As part of project implementation under the APL2, UNICEF agreed to provide training to the master trainers and to supply the training materials for all preschool teachers in pilot rayons. See Annex 6 for details.

## **7. Sustainability**

The sustainability of the proposed Project and the Bank's contribution will be determined by four aspects: first, the Government's ownership of the project; second, fiscal sustainability and cost effectiveness of the project activities; third, institutional capacity building of the technical level staff and fiduciary management in the education sector under a strengthened and evolving organizational structure, and an experienced PCU with staff in project management mainstreamed in the Ministry of Education.

## **8. Lessons Learned from Past Operations in the Country/Sector**

*Lessons learned from in-country experience.* Project design has been guided by experiences gained from the LIL and the APL 1. A key lesson learned is that to implement far reaching reforms a high level of government ownership and consensus among key stakeholders is essential. During APL 1, the MoF was not convinced that decentralized school management would have a positive impact, merely because of doubts that schools would be able to manage funds properly and concerns that the lack of oversight by the Rayon Education Departments could lead to important misuse of funds. The government's commitment to reform is high and it was decided to proceed with the decentralized budget to the 59 pilots schools. To advance the dialogue on decentralized school management, the pilot in the 59 schools will be thoroughly evaluated in 2009 in order to provide evidence for MoF and MoE to decide on the way forward. To prepare the ground for future decentralization reforms, the APL 2 will strengthen the institutional capacity of the Rayon Education Departments and of school principals.

*Lessons learned from international experience.* The national roll out of the new curriculum will start in 2008-2009 for Grade 1. Several experiences in the Region (Georgia, Education System Realignment and Strengthening Project) and elsewhere (Jordan, Education Reform for the Knowledge Economy I) have been taken into account to speed up the process of introducing the new curriculum. For the professional development of teachers, experience recently acquired by the Bank in education projects in Georgia and other ECA countries was taken into account to integrate training with classroom practices to combine practical training with subject training. In relation to the library subcomponent, the project design has been guided by lessons learned in projects in Moldova (General Education), Brazil (Basic Education Quality Improvement Project) and Bolivia (Education Reform Project). The main lessons are that teachers must be trained on how to integrate classroom libraries into the teaching process and how to guide students to use the libraries.

## 9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
<a href="#">Environmental Assessment (OP/BP 4.01)</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management ( <a href="#">OP 4.09</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources ( <a href="#">OP/BP 4.11</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples ( <a href="#">OP/BP 4.10</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests ( <a href="#">OP/BP 4.36</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas ( <a href="#">OP/BP 7.60</a> )*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways ( <a href="#">OP/BP 7.50</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## 10. List of Factual Technical Documents

1. Azerbaijan Country Partnership Strategy FY07-10, Report No. 27812, November 8, 2006
2. Azerbaijan Education Sector Development Project (APL 1) Project Appraisal Document, Report No. 25284, April 23, 2003
3. Azerbaijan Education Sector Development Project (APL 2) Project Concept Note and Minutes of the PCN Review Meeting
4. September/October 2007 Preparation Mission Aide Memoire
5. December 2007 Pre-Appraisal Mission Aide Memoire

## 11. Contact point

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\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

