

Report No. 89836

The Inspection Panel 

Report and Recommendation

**ARMENIA: Second Education Quality and
Relevance Project (P107772), and
Education Improvement Project (P130182)**

August 1, 2014

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Report and Recommendation
On
Request for Inspection

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Education Improvement Project (P130182)**

A. Introduction

1. In accordance with the Resolution (“the Resolution”)¹ establishing the Inspection Panel (“the Panel”), the purpose of this Report and Recommendation on Request for Inspection (“the Report”) is to make a recommendation to the Board of Executive Directors (“the Board”) as to whether the Panel should investigate the matters alleged in this Request. The Panel’s recommendation is based on its consideration of the technical eligibility of the Request and its assessment of other factors as provided in the Resolution and the Panel’s Operating Procedures.

2. On May 16, 2014, the Inspection Panel received a Request for Inspection (“the Request”) of the Armenia: Second Education Quality and Relevance Project, APL 2 (“EQRP 2”) and the Education Improvement Project (“EIP”) (“the Projects”). The Request was submitted by 9 NGOs, 2 students and 5 parents from Armenia who requested to keep their identities confidential. The Panel registered the Request and notified the Board and Management on June 5, 2014. Management submitted the Management Response on July 7, 2014.

3. This Report includes the following sections: (a) this introduction, (b) a description of the Project, (c) a summary of the Request, (d) the Management Response, (e) the Panel’s review including the Panel’s determination of the technical eligibility of the Request, in accordance with the 1999 Clarification to the Resolution,² and the Panel’s observations on other factors considered, (f) the Panel’s analysis and (g) the Panel’s recommendation to the Board on whether an investigation of the matters alleged in the Request is warranted.

¹ International Bank for Reconstruction and Development (Resolution IBRD 93-10) and International Development Association (Resolution 93-6), “The World Bank Inspection Panel”, September 22, 1993 (hereinafter “the Resolution,”) ¶ 19. Available at: <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/ResolutionMarch2005.pdf>

² “1999 Clarification of the Board’s Second Review of the Inspection Panel”, April 1999 (hereinafter “the 1999 Clarification”). Available at: <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/1999ClarificationoftheBoard.pdf>

B. The Projects

Second Education Quality and Relevance Project, APL 2 (EQRP 2)

4. The project aims to improve the quality and relevance of the Armenian school system to meet the challenges of the knowledge society.³ The Project Development Objectives (PDO) of EQRP 2 are: “(i) enhance school learning in general education and improve school readiness of children entering primary education, and (ii) support the integration of Armenian Tertiary Education system into the European Higher Education Area.”⁴

5. The project includes three components: (i) Enhancing the quality of general education, (ii) Supporting tertiary education reforms in the context of the Bologna Agenda, and (iii) Project management, monitoring and evaluation.⁵ The Ministry of Education and Science (MOES) is responsible for the implementation of the project supported by a Center for Education Project (CEP) acting as the Project Implementing Unit (PIU). The Project was classified as “Environmental Category C,” and none of the safeguards policies were triggered.

6. The EQRP 2 was approved by the Board on May 12, 2009 for an IDA credit of SDR 17.0 million (equivalent to US\$25.0 million) to the Republic of Armenia, with a closing date of November 30, 2014.⁶ It was restructured in August 2012 in order to “(i) revise the activities under one of the Project’s components; (ii) reallocate financing across project activities; and (iii) adjust the Project Results Framework (RF) to accommodate the proposed changes.” Neither the PDO nor the applicable policies changed as a result of the restructuring.⁷

7. At the time the Panel received the Request for Inspection, about 72% of the credit had been disbursed.

Education Improvement Project (EIP)

8. The project aims to support the government of Armenia in two main endeavors: (i) enhancing the quality of general education, and (ii) fostering relevance of tertiary education through mainstreaming of the Competitive Innovation Fund (CIF).⁸ The Project Development Objectives (PDO) are “to improve school readiness of children entering primary education, improve physical conditions and the availability of educational resources in upper-secondary schools, and support improved quality and relevance in higher education institutions in Armenia.”⁹

³Project Appraisal Document (PAD) on a Proposed Credit in the amount of SDR 17.0 million (US\$25.0 million equivalent) to The Republic of Armenia for a Second Education Quality and Relevance (APL) program, April 15, 2009, p. 4, para. 13

⁴Financing Agreement, Second Education Quality and Relevance Project, between the Republic of Armenia and the International Development Association, dated June 5, 2009, Schedule 1, p. 4.

⁵Financing Agreement, Schedule 1 for EQRP 2, p. 4.

⁶Financing Agreement for EQRP 2, p. 1.

⁷Restructuring Paper on a Proposed Project Restructuring of Second Education Quality and Relevance (APL2) Project to the Republic of Armenia, August 2, 2012, p. 4.

⁸Project Appraisal Document (PAD) on a Proposed Credit in the amount of SDR 9.8 million (US\$15.0 million equivalent) and on a Proposed Loan in the amount of US\$15.0 million to The Republic of Armenia for an Education Improvement Project, February 18, 2014, p. 24, para. 3.

⁹PAD EIP p. 4, para. 10.

9. The project includes three components: (i) Enhancing the quality of general education, (ii) Mainstreaming of the Competitive Innovation Fund (CIF) for Higher Education Institutions (HEI) into full implementation, and (iii) Project management, monitoring and evaluation. The project was classified as “Environmental Category B” and two safeguard policies were triggered: (i) Environmental Assessment (OP/BP 4.01), and (ii) Physical Cultural Resources (OP/BP 4.11). According to the PAD, OP/BP 4.01 was triggered because the Project would support upgrading of selected school buildings, and the rehabilitation work may have some temporary negative impacts typical for reconstruction and rehabilitation of small to medium-size buildings. For this, an Environmental Management Framework (EMF) has been developed. OP/BP 4.11 was triggered to ensure that the process of school selection for rehabilitation would involve verifying if any of the buildings are formally entered into the list of the nations’ historical and/or cultural heritage.¹⁰

10. The EIP was approved by the Board on March 13, 2014 for an IDA credit of SDR 9.8 million (US\$15 million equivalent), and an IBRD loan of US\$15 million to the Republic of Armenia, with a closing date of September 30, 2019.¹¹ At the time of writing of this Report, the EIP was not yet effective. The Ministry of Education and Science (MOES) will be responsible for the implementation of the project supported by a Center for Education Project (CEP) acting as the Project Implementing Unit.

C. The Request

11. This section summarizes the allegations included in the written Request (the full Request is attached as Annex I).

12. The Requesters allege that the EIP is “...*designed in such a way as not to address failures of the previous program... (EQRP 2)*”¹² and “...*would exacerbate the harm caused by the previous loan (EQRP 2)...*”¹³ The Requesters believe that EQRP 2 resulted in “*substantial harm*”¹⁴ to the Armenian education system, especially “...*in areas of accountability, governance, quality and accessibility*”, and as a result, harmed academics, students and parents, including the Requesters, who will also be affected by the EIP.

13. According to the Requesters, the main focus of EIP is on refurbishing school buildings rather than addressing the shortcomings of the previous program, and it poses a threat of great harm to the education system of the whole country. In their view, “...*any new loan...*”¹⁵ of the World Bank must consider the problems of a previous loan program and thus address those issues. The Requesters attached several case studies to illustrate the Projects’ adverse impact on students and parents. The alleged harms are described below.

¹⁰PAD EIP, p. 16-17, paras. 50-52.

¹¹PAD EIP.

¹²The Request, p. 1.

¹³Ibid.

¹⁴Ibid.

¹⁵Ibid.

Quality of Education

14. Disadvantaging Rural Students. According to the Requesters, the reform under EQRP 2 unfairly disadvantaged students from rural areas. They allege that there are only a few high schools in rural areas, and that the quality of schools is lower than that of the urban areas, functioning based on a 12-year curriculum that does not provide specialization. This renders rural students unable to “...comply with the government’s plan to transfer to a credit system in high school courses.”¹⁶ As a result, rural students are at a disadvantage with respect to urban students who have greater access to high schools and therefore, higher education.

15. Ineffective Teachers Training. The Requesters also note that there are many “...professionally unqualified teachers...”¹⁷ but that the teachers’ training aimed at professional development was ineffective as it did not accommodate varying skill types and levels among the teachers.

16. Political Influence on Higher Education. According to the Request, “*the governance boards of state universities, state education agencies are represented by government officials, MPs and by the administration of the President at around 50%*”¹⁸, which allows for “...interventions by the state over their finances, management appointments, specialization, and admissions”.¹⁹ The Requesters state that these “*undermine academic independence vital for credibility and sustainability of any research and scientific endeavor*”.²⁰ One student claims that a research topic, i.e., “*The solutions of current problems in Armenia through political left*”²¹ was rejected by the Head of the Philosophy Department of National Academy of Science giving the reason that “...*he was not going to help the current political opposition in Armenia*”²² and “...*cynically...*”²³ suggested that the student instead writes on “*The behavior of strip dancers in Armenia*”.²⁴ According to the Requesters, a Rector of a university was also wrongfully fired by the Minister of the MOES.

17. State Control over University Finances and Poor Financing Scheme under the Project. The Requesters assert that the state directly controls the budget of state universities, despite the fact that the proportion of state allocation is very small (9-30%). In addition, the Requesters consider that the Competitive Innovation Fund (CIF) and sustainable funding strategy being designed under this project are “...*fragmented...*”²⁵ and cannot assist in “...*ensuring sustainable funding system...*”²⁶ as they do not address the declining public spending or legal framework regulating the finances of universities. Parents feel that the schools are “*not equipped with the necessary technical capacities and do not have proper equipped laboratories and libraries that*

¹⁶ The Request, p. 10.

¹⁷ The Request, p. 14.

¹⁸ The Request, p. 7.

¹⁹ Ibid.

²⁰ The Request, p. 9.

²¹ The Request, p. 12.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ The Request, p. 8.

²⁶ Ibid.

would provide for the quality education.”²⁷ The Requesters state that the quality of education suffers due to insufficient financing.

18. Religious Influence over Higher Education. The Requesters state that the subject standard for the Armenian Church History is “*singlehandedly controlled and supervised by Armenian Apostolic Church through Center for Christian Education and Propaganda.*”²⁸ The Requesters allege that religious institutions exercise influence over research topics as illustrated by one case study on a student, where a Reverend’s “*...non-scientific...*”²⁹ negative feedback on a thesis was accepted by an academic committee which eventually rejected the thesis and the student did not receive a degree.

Discrimination

19. The Requesters say that biased gender roles and “*...discriminatory norms (e.g., religious) and perceptions are widely promoted...in textbooks, teaching process and teachers’ attitude.*”³⁰ According to the Requesters, a 10th grade text book shows five basic needs of men and women which are discriminatory in nature (i.e., sexual satisfaction, a charming woman, household management for men and financial support, conversation and honesty for women). The Requesters also allege that schools do not offer opportunities to discuss these discriminatory ideas which could influence the thinking of students. The Requesters state that “*gender insensitive content and the constant messaging of traditional gender stereotypes, the teachers deeply biased attitude is particularly damaging for developing the notion of gender equality in youth during their formative years.*”³¹ The Requesters also say that “*ill treatment is widely practiced by both teachers and students towards religious minorities.*”³²

Governance

20. Governance and Corruption in Quality Assurance Systems. The Armenian National Quality Assurance Agency (ANQA)³³ is an independent external quality assurance agency. The Requesters allege “*there are serious irregularities in its mission, composition and function*”, and thus its independence is questioned. In addition, the Requesters allege that quality assurance reforms under the project have been “*fully controlled by the government and ruling political party with no dialogue or consultation*”³⁴ with relevant stakeholders and therefore, “*met with distrust, if not open opposition...*”³⁵, and eventually resulting in “*poor quality reform of higher*

²⁷ The Request, p. 14.

²⁸ The Request, p. 11.

²⁹ The Request, p. 12.

³⁰ The Request, p. 10.

³¹ The Request, p. 4.

³² The Request, p. 6.

³³ The government established the Armenian National Quality Assurance Agency (ANQA) in November 2008. MOES also created a Working Group on Quality Assurance, which will assist the consolidation of ANQA during the initial stage. This sub-component will support the ANQA and the WG of QA to establish the external QA system and universities to develop internal QA system.

³⁴ The Request, p. 2.

³⁵ The Request, p. 3.

education in Armenia”³⁶. The Requesters state that the Bank ignored its “...own assessment of the tertiary sector governance issues and irregularities...”³⁷ and failed to make changes.

Lack of Consultations

21. The Requesters state that the “*beneficiary and public feedback was ignored both during the implementation, monitoring, and assessment of the EQR2...*”³⁸ which they feel would have improved both Projects.

D. The Management Response

22. This section summarizes the Management Response submitted on July 7, 2014 (the full Response is attached as Annex II).

23. Management does not believe that the Request meets the eligibility criteria and disagrees that the alleged adverse impacts cited in the Request result from the two Projects. It believes that the Requesters *are not able to demonstrate that their rights and interests have been or are likely to be adversely affected* by the Projects. Management argues that the Request is *primarily about broad issues of the education system in Armenia and design preferences for the Project*. According to Management, the Requesters *appear to define harm as any pre-existing conditions* which they view as undesirable and which are not addressed by the Bank supported Projects, which they believe should be. The Response argues that this does not relate to an act of omission by the Bank, nor does it constitute harm referred to in the Panel’s Resolution, rather it represents unfulfilled expectations and do not create harm.³⁹

24. Management concurs with some of the points made by the Requesters and notes that several interventions under the Projects support reforms that are needed to address the issues raised in the Request. However, in Response to the Requester’s contention that the Bank support should be offered only once issues of the education sector have been addressed, Management notes that *according to the Bank’s global experience, waiting precludes the opportunity to support progress and early intervention can improve the pace and quality of their progress*.⁴⁰

Higher Education

25. Governance Issues and Corruption in the ANQA. Management disagrees with the Requesters’ claims that the Bank failed to address these problems with the Borrower. A report produced by the Bank (Addressing Governance at the Center of Higher Education Reform in Armenia, January 2013) indicates that ANQA, a national quality assurance system, has made *important achievements in a short period of time*⁴¹ and the government is committed to taking the additional steps to meet the international standards of quality assurance.

³⁶ Ibid.

³⁷ The Request, p. 7.

³⁸ The Request, p. 10.

³⁹ MR, p. 10-12, paras. 16-21.

⁴⁰ MR, p. 11, para. 21.

⁴¹ MR, p. 13, para. 26, section (i).

26. Inadequate Public Financing. Management agrees with the Requesters on the importance of ensuring sufficient public funding for the education sector but notes that the Projects are not responsible for the sector's financing. Management states that despite this, the need to increase public funding *...has been regularly brought to the attention of the Ministry of Education and Science (MOES) and the Ministry of Finance (MOF)*⁴² as elaborated in the Bank report "Public Fiscal Consolidation and Recovery in Armenia." Management also notes that the Competitive Innovation Fund (CIF) was also established to address some of the financing issues in the sector.⁴³

27. Alleged Overly-tight Political Control. Management notes that these issues are being addressed through Bank financed Projects and in sector dialogue, and that the government has shown commitment.⁴⁴ Management indicates that the above mentioned Report did not find evidence of systemic issues pertaining to *...widespread corruption and nepotism...in the sector.*⁴⁵

28. Alleged Lack of Academic Freedom. Management states that this project does not deal with academic freedom, nor does the Bank have evidence to show that this is a *pervasive issue in higher education in Armenia.*⁴⁶ In Management's view, the universities' self-evaluations promoted by ANQA *are useful mechanisms to monitor progress on the desired changes within universities.*⁴⁷ Management also notes that the "case studies" provided by the Requesters do not offer any evidence that the alleged incidents stem from or are aggravated by the two Projects.

Secondary Education

29. Alleged Political Control of the Sector by the Government. Management views the Requesters' claims as not being related to the Projects and that it is difficult to verify the claims without concrete evidence. Management also notes that the appointment of school officials by the Ministry of Education is *similar to other education systems in the world.*⁴⁸

30. Weak Student Evaluation. Management agrees that student evaluation could be significantly improved. However with the help of the Bank and other donors (through the Projects, trust funds and policy dialogue) *the government is making efforts to improve the evaluation.*⁴⁹

31. Putting Rural Students at a Disadvantage. Management notes that although there remain significant *...infrastructure and educational equipment needs in both rural and urban areas,*⁵⁰ the Bank has provided support to address those needs, including the rest of the Bank portfolio that covers support for infrastructure and equipment needs of schools in rural and underserved

⁴² MR, p. 14, para 26, section (ii)

⁴³ MR, p. 14, para. 26, section (ii).

⁴⁴ MR, p. 14-15, para 26, section (iii)

⁴⁵ MR, p. 15, para 26, section (iii)

⁴⁶ MR, p. 15, para 26, section (iv)

⁴⁷ MR, p. 15, para 26, section (iv)

⁴⁸ MR, p. 15, para 27, section (i)

⁴⁹ MR, p. 16, para. 27, section (ii).

⁵⁰ MR, p. 16, para 27, section (iii)

areas. Management further states that while the infrastructure component of EIP focuses on high schools in urban areas, *students in rural schools have and will benefit from the system-wide activities supported under the EQR2 and EIP, such as in-service teacher training, connectivity to internet for all schools, curriculum revisions and improvements, and students' assessment activities.*⁵¹

32. Ineffective Teacher Training. Management states that *the support for in-service teacher training provided under the EQR2 was aimed at leveling the field among teachers with regard to...reforms...including, curriculum reforms, the extension of the education system from 10 to 12 grades, and the introduction of ICT into the learning and teaching process.*⁵² An impact evaluation of Bank supported in-service teacher training for 2011 and 2012 showed some positive impacts, as well as areas that needed improvements. However, the government decided in 2013 that all in-service teacher training is to be funded by the government and provided by the National Institute of Education (NIE).

33. Lack of Transparency in Curricular and Syllabus Design, Leading to Gender Bias and Discriminatory Behavior. Management notes that the Bank has not provided support for the development of textbooks in Armenia under either of the two Projects. While noting that it is outside the scope of the Projects, the Bank is strongly committed to gender equality and gender inclusion, and will review this issue and raise it with the Borrower if gender bias and discriminatory behavior is confirmed.

34. Discrimination against Religious Minorities. Management states that the EQR2 and the EIP do not support any links between religion and education, and the discrimination and the potential harm stemming from it is neither caused nor aggravated by the Projects. Management notes that the Bank strongly supports the principle of inclusive development and equal treatment of ethnic and religious minorities.

35. Alleged Lack of Consultations. Management maintains that supervision of the EQR2 and preparation of the EIP have included close contact and extensive consultations with various stakeholders, and states that the feedback received was taken into account. In addition, a series of analytical studies to inform the preparation of the project were disseminated and discussed in country in May 2013.⁵³ Management also notes that the Bank team met with the Open Society Foundation (OSF) of Armenia three times during the EIP preparation.

36. Other Policy Considerations. With regard to OP/BP 13.05 (Supervision), Management asserts that the Projects have been supervised according to the requirements of the policy; Management also asserts that the Projects are *anchored in country policy/sector analysis; and reflect lessons learned from the Bank's experience*, as required by OP/BP 10.00 (Investment Lending; Management states that OP/BP 8.60 (Development Policy Lending is not applicable to the Projects.. Management states that OP/BP 13.60 (Monitoring and Evaluation) establishes the requirements for results-oriented monitoring and evaluation, but does not include obligations at the project level. (p.32 MR)

⁵¹ MR, p. 17, para 27, section (iii)

⁵² MR, p. 17, para 27, section (iv)

⁵³ MR, p. 18, para. 28, section (i).

37. Given Management's disagreement with the allegations of harm stemming from policy compliance, Management states that no actions are required to bring the Projects into compliance. However Management adds that it take this opportunity to consider how the issues raised in the Request could be addressed by the Bank going forward to help the education sector in Armenia. In view of this, Management proposes to review and verify allegations of discriminatory content in textbooks and would consider raising the issue with the government *with a view to encourage adapting or changing such school textbooks to include gender appropriate content.*⁵⁴

E. Panel Review of the Request and of the Management Response

38. A Panel team composed of Chairperson Eimi Watanabe, Panel Member Gonzalo Castro de la Mata, and Senior Operations Officer Tatiana Tassoni visited Yerevan, Armenia on July 16-19, 2014. The Panel met with the Requesters and other allegedly Project affected people. The Panel also met with Government authorities in Armenia including the Minister of Economy, the Minister of Education and Science, officials from the National Center of Education Technology (NACET), representatives of the Armenian National Quality Assurance Agency (ANQA), the Project Implementing Unit, World Bank staff in the Yerevan Country Office, representatives of UNICEF, representatives of the Yerevan State Medical University, and representatives of the Step by Step Benevolent Foundation (involved in the implementation of some of the Projects' aspects).

39. The Panel wishes to express its appreciation to all those mentioned above for sharing their views and exchanging information and insights with the Panel. The Panel extends its thanks to the Requesters and other allegedly affected people who met with the Panel team. The Panel wishes to thank, in particular, the Ministry of Education and Science for preparing a detailed document, which was helpful in gaining an improved understanding of the issues under review. Particular appreciation goes also to the World Bank Country Director, the Country Manager, and staff in the World Bank Country Office in Yerevan for meeting with the Panel team, discussing the issues and providing relevant information, and assisting with logistical arrangements.

40. The Panel's review is based on information presented in the Request, on the Management Response, on other documentary evidence, and on information gathered during the visit to Yerevan. This review covers the Panel's determination of the technical eligibility of the Request, according to the criteria set forth in the 1999 Clarification (subsection 1), and observations on other factors supporting the Panel's recommendation (subsection 2).

Determination of Technical Eligibility

41. The Panel is satisfied that the Request meets all six technical eligibility criteria provided in paragraph 9 of the 1999 Clarifications as detailed below. The Panel notes that its confirmation of technical eligibility, which is a set of verifiable facts focusing to a large extent on the content of the Request as articulated by the Requesters, does not involve the Panel's assessment of the substance of the claims made in the Request.

⁵⁴ MR, p. 20, para. 35.

42. Criterion (a): “The affected party consists of any two or more persons with common interests or concerns and who are in the borrower’s territory.” The Panel confirms that the Requesters live in the borrower’s territory and share interests that may be affected by Project activities. The Panel considers the requirement of paragraph 9(a) as met.

43. Criterion (b): “The request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the requester.” The Requesters assert that in the design of the EIP the Bank failed to address problems identified during the implementation of the EQRP 2, as is required by Bank policy on investment lending regarding the appraisal of a project (OP/BP 10.00). In the Requesters’ view, in spite of the Bank’s own assessment of the education reform underway, the EIP did not include changes to project design in line with the lessons learned from the EQRP 2. In this context, for example, they believe that as a result of the reforms supported by the Bank Projects, rural students were disadvantaged and thus discriminated against in the quality of the education they received compared to urban schools. The Requesters also refer to failures in supervising the EQRP 2 properly, with respect to the quality of teachers training, undue political influence on higher education and gender discrimination in the content and standards in the schools. The Requesters also state that there are irregularities that the Bank should have addressed as part of its supervision with respect to the composition and functioning of ANQA, which, they believe, does not act as an independent agency. The Requesters also assert that consultations with stakeholders about the education reform were inadequate. The Panel is thus satisfied that the requirement of paragraph 9(b) is met.

44. Criterion (c): “The request does assert that its subject matter has been brought to Management’s attention and that, in the Requester’s view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank’s policies and procedures.” The Requesters state that they presented their facts and analysis to senior World Bank staff in both Yerevan and in Washington DC; that they met and corresponded with the Country Office Senior Management as well as with other Bank staff but are not satisfied with Management’s Response. The Requesters clarified to the Panel that they met with Bank officials in Washington DC in the Fall of 2011 to discuss the standard of secondary education in EQRP2. The Requesters also state that they met with Bank Management in the Yerevan office in the Fall of 2013 where they raised concerns. The Requesters believe that the Bank’s responses to their complaints did not address their issues adequately. The Panel is satisfied that this criterion has been met.

45. Criterion (d): “The matter is not related to procurement.” The Panel is satisfied that the claims with respect to harm and non-compliance included in the Request for Inspection do not raise issues of procurement under the Project and hence this criterion is met.

46. Criterion (e): “The related loan has not been closed or substantially disbursed.” At the time of receipt of the Request for Inspection, about 72% of the EQRP 2 had been disbursed. The EIP was not yet effective.

47. Criterion (f): “The Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request.” The Panel confirms that it has not previously made a recommendation on the subject matter of the Request.

Observations on Other Factors Supporting the Panel’s Recommendation

48. During the visit to Yerevan, the Panel team met with the Requesters and had the opportunity to discuss in depth their concerns regarding the Projects and the harm that they believe has resulted or will result from them, on different aspects of the Projects’ design and implementation. Observations are made on each of the alleged specific harms resulting from the Projects and the failure of the Bank to properly supervise the implementation of the EQRP 2 and address the shortcomings and integrate the lessons learned from the EQRP 2 into the design of the EIP.

49. High School System. The Requesters claim that the high school system created with the support of the EQRP 2 has aggravated poverty by widening the gap between urban and rural areas and putting the latter at a great disadvantage. The Requesters argue that the EQRP 2 design is discriminatory vis-à-vis non-urban children because: (i) only 7 out of 109 high schools were opened in non-urban areas, (ii) the financing system privileges urban schools which, the Requesters state, receive financing 30% higher than general school 1-12th grade, and (iii) the curriculum in high schools is different and qualitatively better than the curriculum in general schools for the same grades (10 through 12th). Therefore, they maintain, children from rural areas who, for economic as well as transportation reasons, cannot attend a high school are disadvantaged with respect to urban children in terms of quality of education and competitiveness to enter university.

50. Management does not agree, stating that while the infrastructure component of EIP focuses on high schools in urban areas, *students in rural schools have and will benefit from the system-wide activities supported under the EQRP2 and EIP, such as in-service teacher training, connectivity to internet for all schools, curriculum revisions and improvements, and students’ assessment activities.*⁵⁵

51. The Panel understands that the educational reform in 2006 extended the general education system from 10 to 12 years. In the following year, the decision was taken to establish three-year high schools, totaling 109 for the entire country. The result is that there are now two parallel systems for secondary education, one in which children attend school from first to ninth grade and then move on to high school, and the other where children attend the same general school from first to twelfth grade. The Panel was informed during the visit that the 109 high schools established with the support of EQRP 2 are situated prevalently in urban areas (the Panel was informed that some one-third are in Yerevan where 35% of the population resides, at least one in each capital of the ten marzes or provinces, a small number in villages, and the remainder in other cities and towns). High schools were also created with the intent of becoming centers of excellence in specific specialized subjects, such as math, sciences and languages, and to cover the surrounding communities as “catchment” areas. In the villages, some 9th to 12th grade

⁵⁵ MR, p. 17, para 27, section (iii)

children commute to the high schools if accessible, while most other children attend the 1-12th grade general schools.

52. Officials of the PIU informed the Panel that initial plans were to try to introduce high schools in urban and rural areas alike, but for economies of scale and cost-effective considerations, the decision was made to establish high schools only in large communities of 15,000 inhabitants or more, while at village level general schools 1-12th would be kept. The PIU also noted that support under the EQR 2 was focused on establishing high schools, not on 1-12th grade schools. All schools were however integrated into an internet IT network system financed by the Bank's project, as a basis for an MIS supporting the administration of schools. The Panel was also informed that more than 90% of schools have computers, but some twenty schools in remote areas have problems with accessibility. An ICT syllabus is being introduced, and children are accessing the internet in 50 pilot schools.

53. According to the document provided by the Minister for Education, the country's 109 high schools are located accessibly in central locations in each region and designed as regional high schools in and near population centers, at reasonable distances from rural areas, to minimize the aggregate amount of travel for students from nearby communities. *This is a rational approach to high schools followed in most rural areas throughout the world...*⁵⁶

54. During the visit, the Panel was informed of the rapid demographic decline in Armenia. According to UNICEF, the number of children have halved over the past twenty years, reflecting the overall population decline through emigration as well as the drop in fertility rates.⁵⁷ The Minister for Education spoke of the two crises he faced; one financial and the other, the demographic one. Under such circumstances, it is not unreasonable to locate the high schools in centers of population concentration, with the intent of covering a larger "catchment" area of surrounding villages. In addition, the Panel understands that there are inaccessible mountainous villages that are cut off for months on end during the harsh winters; children from such areas would be unable to commute to the towns for their education.

55. The PAD acknowledges that the decision to concentrate high schools in bigger centers presents the "flip side" that students who could have had a chance to go to the new, specialized high schools "*will now stay in their local school with, in theory, a more constrained opportunity to learn in comparison to their urban counterparts.*"⁵⁸ The PAD indicates however, that a Mitigation Fund of AMD 50 Million (ca. US\$123,000) was created and transferred to the marzes (provinces) education departments to cover transportation costs. The PAD further notes that the quality of education in high schools is expected to be higher than in regular 1-12th grade schools, but adds that the implementation of need-based grants for rural students to cover transportation costs "*would contribute to keep a high enrollment rate in upper secondary education in Armenia.*"⁵⁹

⁵⁶ Document from the Ministry of Education and Science received on July 10, 2014.

⁵⁷ "It is estimated that Armenia has lost up to a quarter of its original population since independence due to emigration," "currently, out-migration from rural to urban areas (mainly to Yerevan) continues. Some rural communities of Armenia already experience a very strong depopulation." (Manasyan, H. and G. Poghosyan. Social Impact of Emigration and Rural-Urban Migration in Central and Eastern Europe. Final Report: Armenia. April 2012).

⁵⁸ EQR 2 PAD, p. 35, para. 30.

⁵⁹ EQR 2 PAD, p. 35, para. 32, section (iii).

56. The Panel was informed during the visit that the high school curriculum and that used for grades 10 to 12 in the general schools are currently the same. During a meeting with the Yerevan State Medical University, university officials told the Panel that the number of students from non-urban areas applying to their university has been increasing and students from rural areas reach now over half of their new enrollments.

57. Tutoring. The Requesters claim that the quality of education has decreased over the years forcing parents to resort to expensive private tutoring to guarantee a level of education for their children that would allow them to enter universities. Further, they state that some teachers encourage kids to take tutoring classes that they themselves provide and then discriminate among children who did not attend.

58. The Panel understands that under the reform process supported by Bank financing, a unified exam to enter university has been instituted. According to parents with whom the Panel met, this exam is very difficult and neither the new high school curriculum nor the 1-12th school's curriculum adequately prepare children for such an exam.

59. Management states that tutoring is not uncommon in countries with competitive university entrance systems.⁶⁰ The Panel was also informed through several sources that tutoring is not a recent phenomenon in Armenia but has existed since Soviet times, especially for students preparing to enter university in certain subjects. It was also explained by some that the tutoring was primarily focused on preparing for appropriate techniques for passing the unified university qualifying exam rather than acquiring additional knowledge. These views reflect a different perception from that of the Requesters, for whom the prevalence of tutoring is directly indicative of the declining quality of education in schools.

60. Quality of Teacher Training. The Requesters allege that there are many “professionally unqualified teachers” and that teacher training was not adequate to help teachers implement new methodologies and approaches in the classes and thus offering better education to the teachers. Tight political control over the decision making structure in schools harmed independence and as a result progress in reforming the education system.

61. Management Response states that the support for in-service teacher training provided under EQRP2 was aimed at “leveling the field” among teachers with regard to the many reforms that have taken place, including curriculum reforms, the extension of the education system from grades 10 to 12, and the introduction of ICT into the learning and teaching process. According to Management, an impact evaluation of in-service training showed some positive impacts in the use of interactive teaching methodology but also identified areas for further improvement.⁶¹

62. The note prepared by the MOES states that *although the majority of teachers participated in informational training workshops under the Projects, they were neither designed nor expected to have a substantial effect on teaching practices, which as any education professional knows is*

⁶⁰ MR, p. 27, Claim no. 8.

⁶¹ MR, p. 17, para. 27, section (iv).

a longer, more arduous process. Furthermore, it adds that the number of teachers receiving qualification ranks in 2012 was 51, in 2013 was 96, and in 2014 was 146. A total of 5,925 teachers have been trained under EQR2 in 2011 and 6,241 in 2012. Evaluation of trained teachers shows that 94% are actively using the interactive and cooperative teaching methods, while only 0.6% continues to use their traditional teaching practices.

63. The Panel notes that all stakeholders agree on the need for further strengthening of teacher training for it to have a sustainable impact.

64. Standards and Curriculum Development. In the Requesters' view, the EQR2's support for standards and curriculum development has translated into support for education content that is discriminatory, especially with regards to gender issues. They add that content analysis of school textbooks shows that asymmetric representation of gender roles prevails and that discriminatory norms and perceptions are widely promoted both in textbooks, teaching process, and teachers' attitude. In the Requesters' view, this does not provide a comprehensive development of individuals as specified in the standard and goal of the subject program. During the meetings with the Panel, the Requesters elaborated on this by adding that the current system for textbook development, design, publication, review and approval lacks transparency and checks and balances; in the words of the Requesters, *neither authors, publishers, committees responsible for piloting, (nor) expert reviewers are gender sensitive.* The Request gives an example from a 10th grade textbook quoting a psychologist that describes *The needs of a man are in sexual satisfaction, rest companion, a charming woman, household management and admiration. For a woman the needs are expressed in tenderness, conversation, honesty and frankness, financial support and devotion to family.* In this context, according to the Requesters, the teacher training financed under the Project was inadequate and reinforced discriminatory concepts about the role of women in Armenian society.

65. Management acknowledges that this is a valid and important issue, and while stating that the Bank has not provided support or advice for the development of textbooks and is thus not responsible for its content. Management also emphasizes Bank's strong commitment to gender equality and gender inclusion. Management further states that it intends to review and verify the Requesters' claim, and if confirmed, the issue will be raised with the Borrower in the context of ongoing policy dialogue. Management also states that the curriculum revisions envisaged under EIP will provide an additional opportunity to revisit the textbook content issues.

66. Financing of Education. The Requesters claim that the Project component in the EIP providing Competitive Innovation Funds (CIFs) are isolated efforts that do not address the more general issue of declining public spending nor the legal framework regulating finances of universities to ensure more sustainable financing. Management shares the Requesters' view on the importance of sufficient funding for the education sector and state that they brought this message regularly to the attention of MOES and MoF officials.⁶² In Management's view, the 2.6 percent of the GDP allocated for public expenditure on education is very low compared to most other countries at comparable levels of development.

⁶² MR, p. 14, para. 26, section (ii).

67. Management explains that the CIF aims to increase the diversification of sources of funding of higher education through a competitive and transparent process of allocating funds. The Panel heard from the Yerevan State Medical University highly appreciative comments on funding received from CIF to finance a modern Simulation Center in the Medical Faculty, which would allow it to greatly enhance quality and safety of medical training. The University will provide matching funds to cover building and management expenses. At the same time, there were also comments regarding the cumbersome procedures involved, especially for procurement.

68. The Panel notes that the CIF is based on a “bottom up” approach based on competition and demand, linked to the private sector and based on transparent distribution of funds. The Panel notes that CIF was not designed to address the overall financing issue.

69. Governance Issues – ANQA. The Requesters claim that Project has helped established a body, ANQA, whose composition and function present many irregularities, thus legitimizing a corrupt system that was already pervasive. Further, the accreditation system created by ANQA and supported by the Project has encouraged corrupt practices in universities. During the meeting with the Panel, the Requesters expressed the view that ANQA legitimized or provided window dressing to a corrupt system.

70. Management states that they *partly concur with the Requesters’ assessment of the governance challenges facing higher education*⁶³ and that these issues were identified by the Bank, brought to the Borrower’s attention and are being addressed through several Bank-supported Projects. Management also adds that with regards to higher education, the governance issues raised by the Requesters are broadly consistent with the findings of the Bank’s 2013 education report.⁶⁴ In the Management’s view, both Bank supported Projects have contributed to gradually improving the governance of higher education. The Panel heard from some of the Requesters their acknowledgement that the unified university entrance exam removed the possibilities of corruption that was pervasive previously when each university was conducting its own entrance exams.

71. The MOES also recognized in its note that the internal quality assurance systems are still under development, acknowledging the critical importance of quality assurance issues and the need for a longer time period to achieve noteworthy results

72. A key issue regarding the Requester’s concern about governance was the composition of the ANQA Board. In their view, the very institution that is intended to assure quality is unable to do so in that as currently constituted, the Prime Minister (PM) is the President of the Board of Trustees, which impacts the independence and credibility of ANQA’s accreditation process. This point was fully recognized by the ANQA representative during the meeting with the Panel, who held the view that the PM’s chairing of the ANQA Board during the transitional stage was desirable in order to ensure that state universities pass through the quality assurance review procedures. Furthermore, the ANQA representative recognized that this goes against the established European standard and will prevent further progress with the Bologna process; thus

⁶³ MR, p. 14, para. 26, section (iii).

⁶⁴ Addressing Governance at the Center of Higher Education Reform in Armenia, January 2013

changes will have to be made. At the same time, it was explained that ANQA has a diversified set of governing bodies for accreditation, with checks and balances that provide assurances that the accreditation committee will act independently from the Board.

73. Now that ANQA is more strongly established, and 15 universities have gone through the accreditation process, the ANQA representative noted that changes can be made to further improve its functioning and governance.

74. Consultation. While the Requesters state that the *beneficiary and public feedback was ignored both during the implementation and assessment of the project*, Management maintains that close contact was maintained and extensive consultations with various stakeholders have taken place, and states that the feedback received was taken into account. In addition, a series of analytical studies were disseminated and discussed in country in May 2013.⁶⁵ Annex 3 of the Management Response lists a series of consultations that were carried based on the Bank's analytical studies, as well as consultations in preparation of EIP.

75. Monitoring and Supervision. According to the Requesters, the main focus of EIP is on refurbishing school buildings rather than addressing the shortcoming of the previous program, and poses a threat of great harm to the education system of the whole country. In their view, *any new loan* of the World Bank must consider the problems of a previous loan program and thus address those issues.

76. With regard to OP/BP 13.05 (Supervision), Management asserts that the Projects have been supervised according to the requirements of the policy. Management also asserts that the Projects are *anchored in country policy/sector analysis; and reflect lessons learned from the Bank's experience*, as required by OP/BP 10.00 (Investment Lending) Management also attaches an Annex listing how they had applied lessons from previous Projects and international experience into consideration. Management states that OP/BP 8.60 (Development Policy Lending) and OP 13.60 (Monitoring and Evaluation) are not applicable to the Projects. Management states that Policy on Monitoring and Evaluation, OP 13.60, establishes the requirements for results-oriented monitoring and evaluation, but does not include obligations at the project level.

77. While the Panel agrees with Management that OP/BP 8.60 is not applicable to the Projects, the Panel does not share Management's view on the application of OP 13.60 on Monitoring and Evaluation. In accordance with this Policy, the Bank needs to monitor and evaluate its projects to assess the extent to which its efforts and those of borrowers are making progress toward the objective of reducing poverty and achieving sustainable growth.⁶⁶ Management lists actions being undertaken under the monitoring system currently in place on p.32 of the Management Response. The Panel trusts that this monitoring system is being implemented in order to meet the continuing challenges of the sector.

⁶⁵ MR, p. 18, para 28, section (i).

F. Panel's Analysis

78. According to the Resolution, the Panel's mandate is to review Requests alleging that the rights or interests of the Requesters "*have been or are likely to be directly affected by an action or omission of the Bank as a result of a failure of the Bank to follow its operational policies and procedures with respect to the design, appraisal and/or implementation of a project financed by the Bank.*"

79. In making its recommendation on whether an investigation of the claims raised in the Request is warranted the Panel considers, in addition to the technical eligibility criteria discussed in Section E above, the following factors:

- i. Whether there is a plausible causal link between the harm alleged in the Request and the Project,
- ii. Whether the alleged harm and possible non-compliance by the Bank with its operational policies and procedures may be of a serious character,
- iii. Whether Management, in the Panel's view, has dealt appropriately with the issues raised in the Request and demonstrated clearly that it has followed the required policies and procedures, or Management acknowledged that it did not comply with relevant policies and procedures, and
- iv. Whether Management has provided a statement of specific remedial actions, and whether, in the judgment of the Panel and taking into account the view of the Requesters, these proposed remedial actions may adequately address the matters raised by the Request.

Points iii and iv above do not apply in this case.

80. During its meetings with the Requesters, the Panel had the opportunity to hear concerns regarding the education reform process from different stakeholders, ranging from parents, students, civil society representatives looking at the various aspects of education, and university professors. They all spoke very passionately about their hopes for reform that can guarantee better quality of education for their children and the future of their country. Parents in particular, who experience on a daily basis the challenges of providing a good education, alongside their children, expressed their frustration about the education system they view as flawed and not improving. This perception is apparently widely held; the Panel notes that in the UNDP "Social Cohesion Study" of 2011, some 65% respondents felt that education is worse than 25 years ago, 40% worse than 5 years ago.⁶⁷

81. Management, in its Response, stated that "the Bank has been informed that the government remains committed to continue with the long-term reform agenda..."⁶⁸ The Panel has noted the Minister's repeated statements recognizing some of the challenges, but adding the need for a longer time frame required to achieve all the necessary changes.

⁶⁷ Slide 6, 2011 Social Cohesion Survey CRRC-Armenia, UNDP:
http://www.crrc.am/hosting/file/_static_content/projects/social_cohesion_survey/CRRC_UNDP_SocialCohesion%20Presentation_English.pdf

⁶⁸ MR, p. 13, para. 25.

82. The Panel notes that the issues raised by the Requesters in their submission to the Panel are serious, legitimate concerns of citizens about the content and directions of reforms in education that is absolutely critical to the future of Armenian children, and therefore of Armenia. Management, in its Response, indicated that they share some of the critical concerns elaborated in the complaint. In the Panel's view, the allegations of harm are thus of a serious character.

83. Notwithstanding these considerations, and after careful review of the Request, the Management Response, and taking into account the information gathered during the visit to Armenia, the Panel is unable to establish that the concerns raised by the Requesters, although legitimate, can be considered as instances of material harm that may have resulted from a failure of the Bank to follow its Operational Policies and Procedures with respect to the design, appraisal and/or implementation of the Projects financed by the Bank.

84. In the Panel's view, the Requesters' claims point to systemic weaknesses of the education sector in Armenia that the Projects indeed were designed and aimed to address, and the Panel does not consider them as harms resulting from the Projects.⁶⁹ Moreover, an in depth analysis by the Panel of the results achieved by the reforms with support of the Projects would amount to an evaluation review that goes beyond the purview of the Panel's role and mandate.

G. Recommendation

85. In light of the foregoing the Panel does not recommend an investigation into the matters alleged in the Request.

86. The Panel appreciates Management's statement that it intends to verify and review the claims related to gender issues and related insensitivities, and to include them in its policy dialogue with the Borrower.

⁶⁹ During the Panel's meeting with one of the Requesters, it was mentioned in connection with the issue of undue religious influence in textbooks that *while the issue was not directly linked to the World Bank, if the Bank was financing reform, then it should address the issue*. This also does not constitute harm resulting from the Project, as per the Panel's Resolution.