

THE INSPECTION PANEL

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IPN REQUEST RQ 14/03

June 5, 2014

NOTICE OF REGISTRATION

Request for Inspection

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

Receipt of Request

On May 16, 2014, the Inspection Panel received a Request for Inspection (hereafter “the Request”) related to the Armenia: Second Education Quality and Relevance Project (APL II) (“EQRP 2”) and the Education Improvement Project (“EIP”).

The Requesters

The Request was submitted by 9 NGOs, 2 students and 5 parents from Armenia who requested to keep their identities confidential. The Requesters allege that the Education Improvement Project is “...*designed in such a way as not to address failures of the previous program [EQRP 2]*” and “*would exacerbate the harm cause by the previous loan [EQRP 2]*”. The Requesters allege that the Education Improvement Project “*continues the two previous loan programs [EQRP 1 and 2], and is supposed to build on the latest program...*” The Requesters believe that EQRP 2 resulted in “*substantial harm*” to the Armenia education system, “particularly in areas of accountability, governance, quality and accessibility”. As a result, the complaint claims that academics, students and parents, including the Requesters, are immediately affected by the harmful effects of the EQRP2 and will be affected by the EIP.

The Requesters state that they had started working on this Request “*before the approval of the Education Improvement Program...with a purpose of postponing its approval and initiating a revision of the scope and purpose of the proposed financing.*”

The Projects

EQRP 2

The EQRP 2 was approved by the World Bank Board of Executive Directors (the “Board”) on May 12, 2009 for SDR 17.0 million IDA credit¹ (equivalent of US\$25.0 million) to the Republic of Armenia with a closing date of November 30, 2014². It consists of three components, namely: 1) Enhancing the quality of general education; 2) Supporting tertiary education reforms in the context of Bologna Agenda; and 3) Project management, monitoring and evaluation.³ The Ministry of Education and Science will be responsible for the implementation of the project supported by a Center for Education Project (CEP) acting as the Project Implementing Unit. At the time the Panel received the Request for Inspection, about 72% of the credit had been disbursed.

The Project Development Objectives (PDO) are: to: *(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

The EQRP 2 was restructured in August 2012 in order to “*(a) 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.*”⁵ Neither the PDO nor the applicable policies changed as a result of the restructuring.

The Project was classified as environmental Category C and none of the safeguards policies have been triggered.

EIP

The EIP was approved by the Board on March 13, 2014 for SDR 9.8 million (US\$15 million equivalent) IDA Credit and for US\$15 million IBRD loan with a closing date of September 30, 2019.⁶ At the time of writing this Report the EIP was not yet effective. It consists of three components, namely: 1) Enhancing the quality of general education; 2) Mainstreaming of the Competitive Innovation Fund (CIF) for Higher Education Institutions (HEI) into full implementation; and 3) Project management, monitoring and evaluation. The Ministry of Education and Science will be responsible for the implementation of the project supported by a

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

² Financing Agreement, Schedule 2.

³ Financing Agreement, Schedule 1.

⁴ Financing Agreement, Schedule 1.

⁵ Restructuring Paper on a Proposed Project Restructuring of Second Education Quality and Relevance (APL2) Project to the Republic of Armenia, August 2, 2012, p. 4.

⁶ Project Appraisal Document (PAD) on a Proposed Credit SDR 9.8 million in the amount of (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.

Center for Education Project (CEP) acting as the Project Implementing Unit. The borrower is the Republic of Armenia.

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.*”⁷

It is an Environmental Category B project and the following Safeguard Policies were triggered: Environmental Assessment (OP/BP 4.01); and 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.⁸

According to the PAD, “*ensuring gender sensitivity and inclusion of people with disability and other vulnerable groups would be prioritized across all project activities, including mechanisms for stakeholder engagement.*”⁹

Concerns raised in the Request

The Request mainly relates to 2 components of EQRP 2, namely: *Component 1: Enhancing the Quality of General Education; and Component 2: Supporting tertiary education reforms in the context of Bologna Agenda.* The Requesters state that the main focus of EIP is on refurbishing school buildings and does not “*...address failures of the previous program and pose a threat of greater harm to the education system of the whole country*”. The Requesters state that “*any new loan*” would have to “*take into account the problems with the previous loan program*” and address those issues. The Requesters attached several case studies to illustrate impact on students and parents who are among the Requesters.

The issues and harm raised in this Request can be grouped as follows:

Quality of Education

1. **Disadvantaging rural students:** According to the Requesters, the reform under EQRP 2 unfairly disadvantaged the students from rural areas. First of all, there are only few high schools in rural areas. The quality of schools in rural areas is lower than that of the urban areas and function 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 credit system in high school courses.*” As a result, rural students are at a disadvantage

⁷ PAD, p. 4

⁸ PAD, p. 16-17.

⁹ PAD, p. 16.

- with respect to urban students who have greater access to high schools and, therefore, higher education.
2. Ineffective teachers' training: The Requesters also note that there are many "*professionally unqualified teachers*" but the teachers' training aimed at professional development was ineffective, as it did not accommodate varying skill types and levels among the teachers.
 3. 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%*", which allows for "*interventions by the state over their finances, management appointments, specialization, and admissions.*" The Requesters state that these "*undermine academic independence vital for credibility and sustainability of any research and scientific endeavor*". One student claims that a research topic, namely, "*The solutions of current problems in Armenia through political left*" was refused by the Head of Philosophy Department of National Academy of Science giving the reason that "*he was not going to help the current political opposition in Armenia*" and "*cynically*" suggested that the student write on "*The behavior of strip dancers in Armenia.*" According to the Requesters, a Rector of a university was also wrongfully fired by the Minister of MoES.
 4. 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*" and cannot assist in "*ensuring sustainable funding system*" 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 laboratories and libraries that would provide for the quality education*". The Requesters state that the quality of education suffers due to insufficient financing.
 5. 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*". 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*" 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

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.*" According to the Requesters, a 10th grade text book shows 5 basic needs of men and women which are discriminatory in nature (i.e., sexual satisfaction, a charming woman, and household management for men, and financial support, conversation and honesty for women). The Requesters also allege that schools do not offer opportunity 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". The Requesters also say that *"ill treatment of religious minorities is also widely practiced by both teachers and students."*

Governance

Governance and corruption in Quality Assurance systems: The Armenian National Quality Assurance Agency (ANQA)¹⁰ 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"* with relevant stakeholders therefore, *"met with distrust, if not open opposition"*, and eventually resulting in *"poor quality reform of higher education in Armenia"*. The Requesters state that the Bank ignored its *"own assessment of the tertiary sector governance issues and irregularities"* and failed to make changes.

Lack of Consultations

The Requesters state that the *"beneficiary and public feedback was ignored both during the implementation and assessment of the project"* which they feel would have improved both projects.

Prior Attempts to Resolve Concerns with World Bank (WB)

The Requesters state that they *"presented our facts and analysis to senior World Bank staff in both Yerevan and in Washington DC."*¹¹ They state 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 the Bank officials in Washington D.C in late fall of 2011 to discuss the standard of the secondary education in EQR2. The Requesters indicate that they shared *"reports and studies to support [their] view"* but that their concerns were not *"taken seriously."*

The Requesters also state that they met with Bank Management in the Yerevan office in fall of 2013 where they raised concerns *"regarding the Bank's previous loan [EQR2] and the need to address these issues in the new yet-to-be-planned loan [EIP]"*. Since then, they claim not to have received any response until they *"saw the new project and realized that none of [theirs] or Bank's own concerns has been addressed in any form."*

¹⁰ 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.

¹¹ The Requesters refer to meetings in November 2013 and December 9, 2013 and February 2014

Next Steps proposed by Requesters

The Requesters list a number of suggestions for Management to address their concerns, including suspending the implementation of EIP and conditioning the Bank's support on addressing issues raised in the Request; using "clearly defined conditionality tools" to engage with the Armenian Government; designing quality measurement tools in consultation with a wide range of beneficiaries and consulting with wide range of beneficiaries before deciding on main directions of the Bank's support of the education sector in Armenia.

Registration of the Request

The Panel notes that it verified, at the time the Request was submitted, that the Request met the basic requirements for registration. The Panel confirms that the Request was submitted by at least two people, in relation to two projects supported by the World Bank. The Bank's financing for the EGRP2 and the EIP have not yet reached 95% disbursement. The Requesters assert that they are affected by activities supported by the Bank, and the Request raises issues of harm which may plausibly result from Bank supported activities and from alleged actions or omissions of the Bank. The Request is not related to procurement issues, and it deals with a subject matter on which the Panel has not made a previous recommendation.

Furthermore, the Panel confirms that the Requesters have indicated that the issues related to their concerns were brought to the Bank's attention on different occasions. The Requesters further state that they do not believe adequate steps have been taken to address their concerns.

The Panel met with World Bank Management after the receipt of the Request to be briefed on the background of the projects. The Panel welcomes an elaboration of steps Management has already taken to address the concerns raised in this Request, and any steps Management may intend to take in the future related to this Request.

The Panel notes that the issues raised in the Request may relate to the operational policies on Investment Lending (OP/BP 10.00), Environmental Assessment (OP/BP 4.01), Project Supervision (OP/BP 13.05) and Investment Project Financing (OP/BP 10.00, April 2013).

As provided in paragraph 17 of the IDA Resolution (the "Resolution") that established the Panel, the Chairperson of the Panel "*shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection*". With this notice, I am notifying you that I have, on June 5, 2014, which is also the date of this notice, registered this Request in the Inspection Panel Register. The Panel's registration is an administrative step and it implies no judgment whatsoever concerning the merits of a Request for Inspection.

As provided in paragraph 18 of the IBRD Resolution, and paragraphs 2 and 8 of the "*Conclusions of the Board's Second Review of the Inspection Panel*" (the "1999 Clarification"), Bank Management must provide the Panel, by July 7, 2014, a Response to the issues raised in the Request for Inspection. The subject matter that Management must deal with in the response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarification.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarification and as provided by paragraph 19 of the Resolution, “*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*”

The Panel will notify the Requesters that all communications in connection with the Request will be sent directly to them.

The Request has been assigned IPN Request Number RQ 14/03.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Eimi Watanabe". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eimi Watanabe
Chairperson

Mr. Jim Yong Kim, President
International Development Association

The Executive Directors and Alternates
International Development Association

