



## 1. Project Data

Project ID  
P125445

Project Name  
MN - GPE Early Childhood Education

Country  
Mongolia

Practice Area(Lead)  
Education

L/C/TF Number(s)  
TF-11836

Closing Date (Original)  
30-Jun-2014

Total Project Cost (USD)  
12,120,000.00

Bank Approval Date  
09-Feb-2012

Closing Date (Actual)  
30-Jun-2015

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	10,000,000.00
Revised Commitment	0.00	9,878,778.98
Actual	0.00	9,878,778.98

Sector(s)  
Early Childhood Education(100%)

Theme(s)  
Education for all(100%)

Prepared by  
Katharina Ferl

Reviewed by  
Judyth L. Twigg

ICR Review Coordinator  
Joy Behrens

Group  
IEGHC (Unit 2)

## 2. Project Objectives and Components

### a. Objectives

According to the Project Appraisal Document (PAD p. 7) and the Grant Agreement of March 6, 2012 (p. 5) the project's objective was "to assist the Government to cope with the surge in total fertility rates by providing access to early childhood education for children in disadvantaged communities."

The scope of the project was revised in January 2013. Due to increased construction costs, one outcome target was decreased and revised indicators were approved. Therefore, this validation requires a split rating.



b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Components

The project consisted of three components:

**Component 1: Increasing kindergarten capacity in urban and peri-urban areas (appraisal estimate US\$9.31 million, actual US\$8.83 million, 95% of appraisal estimate):** This component was to finance the construction of 37 new kindergartens and the supply of furniture, equipment, indoor and outdoor playgrounds, teaching and learning materials and kitchens.

**Component 2: Creating alternative pre-school classes in rural areas (appraisal estimate US\$0.48 million, actual US\$0.41 million, 85% of appraisal estimate):** This component was to finance the provision of 100 mobile equipped ger-kindergartens in rural areas for herders' children to provide early childhood education.

**Component 3: Grant management and monitoring and evaluation: (US\$0.21 million, actual US\$0.64 million, 304% of appraisal estimate):** This component was to support the project implementation unit (PIU) in executing the project, conducting a survey of parents and monitoring and evaluation (M&E) activities, and ensuring the compliance with the Bank's financial management, procurement and safeguard rules. Funds from components 1 and 2 were reallocated to component 3 during the first and second restructuring to hire a civil works officer to help the PIU with the implementation of the project and to conduct preliminary policy research on teaching and learning practices on early childhood education (ECE), and to facilitate additional management costs and audit expenses.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates

**Project Cost:** The project was estimated to cost US\$12.85 million. Actual cost was US\$12.56 million, 97.7% of the appraisal estimate.

**Financing:** The project was financed by a Grant of US\$10 million from the Global Partnership for Education, of which US\$9.88 million was disbursed, and co-financing in the amount of US\$2.85 million from the Government of Mongolia.

**Borrower Contribution:** The Government of Mongolia was to support the project with funds in the amount of US\$2.85 million. The Government returned US\$121,221 of unspent funds from the designated account, resulting in an actual contribution of US\$2.68 million.

**Dates:** The project was restructured three times:

- On January 14, 2013 the project was restructured to: i) reduce the number of kindergartens to be built from 37 to 25 due to an increase in costs of raw materials; ii) adjust the Results Framework to reflect the reduction; iii) add a contingency expenditure category with 13% of project funds to absorb any possible future price escalation; and iv) reallocate project funds between categories (from works category to consultant services to hire a civil works officer to support the PIU with project implementation).
- On June 9, 2014 the project was restructured to: i) extend the closing date by 12 months from June 30, 2014 to June 30, 2015 to complete the construction of two kindergartens that had been delayed due to a disputed claim over the presence of parking garages on the construction site designated for the kindergarten.; and ii) reallocate proceeds from category 1 (works) to category 4 (operating costs) to facilitate monitoring expenses related to the supervision of the fixed kindergartens.
- On February 27, 2015 the project was restructured to: i) reallocate project savings of approximately US\$1.5 million in category 1 (civil works), resulting from the devaluation of the Mongolian Tugrik, to category 2 (goods), category 3 (consultant services) and category 4 (operating costs) to supply additional learning materials and equipment to kindergartens throughout the country; ii) conduct some preliminary policy research on teaching and learning practices in the early childhood education subsector; and iii) facilitate additional management costs and audit expenses.

### 3. Relevance of Objectives & Design

a. Relevance of Objectives

The objective of the project was highly relevant under the both original targets and revised targets.. Basic education has followed the trends of



decline and recovery in the economy. New construction was needed to accommodate a fast increase in fertility rates. The government, aware that low levels of educational attainment were key determinants of poverty and at the same time that poverty can be a major obstacle to accessing good quality schooling, implemented several education strategies such as the General Guideline for Socio-Economic Development of Mongolia for 2006-2008 and the Education Sector Master Plan (ESMP2) for 2006-2015. The objective of the project was aligned with the ESMP2, which aimed to: i) improve the quality of education at all levels of schooling to produce citizens who could function effectively in a modern market economy; ii) provide education services to be accessed by children of every socio-economic background and across the country; and iii) improve the management capacity of central and local educational institutions at all levels. The objective of the project was also in line with the Bank's Interim Strategy Note, which aimed to increase the access of poor and vulnerable groups to basic education services. Also, the objective is in line with the Bank's current Country Partnership Strategy (FY13-17), which identifies improvement in the delivery of education services as a national priority.

Rating  
High

Revised Rating  
High

**b. Relevance of Design**

Relevance of the project's design was substantial under both the original and revised targets. The planned activities were logically and plausibly linked to the achievement of the project objectives and supported the government in providing access to early childhood education for children in disadvantaged communities. Activities included the construction of fixed kindergartens and the provision of ger-kindergartens to serve nomadic populations, especially in rural areas, as well as the equipment of those facilities to provide early childhood education services. The project design included a target mechanism to identify communities based on children between ages two and five that had relatively low enrollment ratios in kindergarten.

However, the project design did not identify the exogenous risk of a significant increase in construction costs. Since no mitigation measures were in place, this led to a reduction in the construction of kindergartens from 37 to 25. In addition, design did not anticipate migration from rural to urban areas that produced lower-than-planned demand for mobile kindergartens.

Rating  
Substantial

Revised Rating  
Substantial

**4. Achievement of Objectives (Efficacy)**

**Objective 1**

Objective

To assist the government to cope with the surge in total fertility rates by providing access to ECD for children in disadvantaged communities

Rationale

**Outputs:**

- 25 kindergartens were constructed and equipped with furniture, kitchen equipment, electric appliances, carpet, bedding, toys and teaching materials, achieving an increase of 3.5% in the number of state-owned kindergarten facilities (from 722 in 2012 to 777 in 2014/15), surpassing the revised target of a 3.4% increase but not meeting the original target of 759 facilities (5.1% increase). The Canadian wood-framed constructions included fully functioning fire sprinkler systems and smoke detectors. Since the competitive bidding process led to cost savings for goods, an additional 35 public kindergartens (that were not constructed under the project) could be supplied with furniture, equipment, toys, and teaching materials.
- Due to the currency depreciation in 2011/2012, the project's funds increased, and an additional 500 kindergartens in need were provided



with toys and books.

- 100 mobile ger-kindergartens in rural areas with large populations of herders were provided.
- The number of mobile alternative teaching classes was decreased by 7.4%, from a baseline of 711 classes to 658 classes, not achieving the target of 811 classes or an increase of 14.1%. The reason for the decrease in the number of mobile classes was the decrease in population numbers in the rural areas; families were moving to the capital and other urban areas, resulting in children being enrolled in fixed kindergartens. Therefore, the overall total number of mobile ger-kindergartens decreased, despite the project delivering the planned 100 mobile ger-kindergartens. If the state kindergarten stock had been constant, the target would have been achieved.
- A working group was established to study 100 visual aids from other countries to inform the process of revising visual aids in the school system in Mongolia. Based on these findings: i) 54.4% of the visual aids were newly developed; ii) 4.6% visual aids were improved; and iii) six new annexes were added to original visual aids. Also, workbooks were modified: i) 108 exercises were assessed; ii) 16 annexes were added; iii) 75 new exercises were developed; and iv) 19 new exercises were revised.
- A survey of 100 mobile ger-kindergartens was conducted to assess the impact of early childhood education services on the development of children.

**Outcomes:**

- The Gross Enrollment Rate (GER) of children aged 2-5 in urban districts in Ulaanbaatar and where new kindergartens were provided (fixed kindergartens) increased from 67.9% in 2012 to 72.64% in 2014/2015, surpassing the target of 67.9%. For boys, the GER increased from 66.8% to 71.9%, exceeding the target of 66.8%. For girls, the GER increased from 69.1% to 73.3%, exceeding the target of 69.1%. The targets were identical to baselines because of increasing fertility rates and resulting downward pressure on enrollment rates.
- As of June 2015, 3,781 children had attended new mobile ger-kindergartens, surpassing the target of 1,500 children.
- The average daily attendance rate of the mobile ger-kindergartens was 99.8%, surpassing the target of 90%. The indicator was modified during the restructuring in 2013 to focus on ger-kindergartens rather than fixed kindergartens.
- According to the parents survey, 91% of parents were satisfied with the mobile ger-kindergarten service, surpassing the target of 60%. The indicator was modified during the restructuring in 2013 to focus on ger-kindergartens rather than fixed kindergartens.
- According to the parents survey, 71% of beneficiaries were from disadvantaged communities (herder families with unstable earnings or unemployed), surpassing the target of 50%.
- The number of children enrolled in kindergartens increased from 142,065 children in 2010 to 206,636 children in 2015, surpassing the original target of 5,500 children. However, given that the project built 25 new kindergartens and 100 mobile kindergartens, the increase of over 60,000 in the number of children enrolled cannot be entirely attributed to this project. Some of these children enrolled in kindergartens that were built outside the project by the government.
- 49.2% of direct project beneficiaries were female, surpassing the target of 47%. This indicator was added during the 2013 restructuring to accommodate the new indicator requirements by the International Development Agency.

Achievement of the objective is rated Substantial under the original targets.

Rating  
Substantial

Revised Objective  
Objective remained the same; one key outcome target was lowered.

Revised Rationale

Outputs and outcomes are described above under Original Objective 1.

At the time of restructuring, one outcome target related to the size of increase in the number of children enrolled in kindergarten was changed. The revised target was an increase of 4,000 children enrolled, while the original target was an increase of 5,500 children enrolled.

- The number of children enrolled in kindergartens increased from 142,065 children in 2010 to 206,636 children in 2015, which surpassed the revised target of an increase of 4,000 children and the original target of 5,500 children. As noted above, however, the increase in the number of children enrolled, cannot be entirely attributed to this project since some of these children enrolled in kindergartens, which were built outside the project by the government.



Achievement of the objective is rated Substantial under the revised targets.

Revised Rating  
Substantial

## 5. Efficiency

**Modest:** The PAD did not include a traditional Economic analysis. The PAD provided literature that emphasized the importance of early childhood education due to its impact on higher educational attainment and achievement, which in turn increases lifetime earnings. The ICR provides a cost-benefit analysis based on the project’s costs and two core activities – expansion of early childhood education and the provision of learning materials for disadvantaged children. The analysis identifies “without the program” and “with the program” scenarios and forecasts education sector indicators such as enrollment, repetition rate, drop-out rate, public expenditure, direct costs to families, opportunity costs of schooling, and benefits from education. Also, current (2012-2015) and projected (2016-2019) single-age population data is used to determine the number of age-appropriate children for enrollment into early childhood education and primary and secondary schools. The difference in cost and benefits between the two scenarios is attributed to the program. The expansion of early childhood education results in a Net Present Value (NPV) of US\$14.79 million and an Internal Rate of Return (IRR) of 15.49% and the provision of learning materials for disadvantaged children results in a NPV of US\$5.98 million and an IRR of 12.26%. However, the ICR does not explain how NPV was estimated. However, there were implementation shortcomings. The project experienced an implementation delay of 15 months at the beginning of the project due to a lengthy government approval process. This delay was significant, especially given that the original implementation period for this project was 24 months. The actual cost of Component 3 Grant Management and M&E was 304% of the appraisal estimate and a significant increase in construction costs required a reduction from 37 to 25 kindergartens being constructed. All this indicates inefficiencies in the use of project resources.

Efficiency Rating  
Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

Relevance of objectives is rated High under the original and revised targets, given Mongolia's low levels of educational attainment, which were key determinants of poverty, as well as increasing fertility rates. Relevance of design is rated Substantial under the original and revised targets, as the project's activities were logically and plausibly connected to expected outcomes, but design did not identify the exogenous risk of a significant increase in construction costs. Efficacy is rated Substantial under both the original and revised targets, as enrollment targets were



met and disadvantaged communities were effectively targeted. Efficiency is rated Modest due to significant implementation delays. Taken together, these ratings indicate moderately shortcomings in the project's achievement of objectives and efficiency, and therefore the Outcome rating is Moderately Satisfactory.

- a. Outcome Rating  
Moderately Satisfactory

## 7. Rationale for Risk to Development Outcome Rating

**Modest:** The government continues to be committed to providing early childhood education services over the next five years. The 2008 education law mandates that 4% of the total education budget will be allocated to early childhood education. The government constructed additional kindergartens to accommodate approximately 80,000 children in 2013 and 2014. From 2013 onwards, the government has been constructing approximately 60-70 kindergartens each year in addition to hiring the required teachers. It is expected that a new IDA project on education quality reform will continue to support learning outcomes in Mongolia by identifying learning gaps between the general population and rural and nomadic populations. However, as enrollment rates to basic education tend to track with economic decline, it is questionable if the project's achievements are sustainable in the long-run in the case of another economic downturn. Considering these different elements together, the rating for risk to development outcome is Modest.

- a. Risk to Development Outcome Rating  
Modest

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The Bank team ensured that the project design was closely aligned with the government's priorities. Also, the Bank team collaborated with the Ministry of Education, Culture, and Science and other development partners during project preparation and took lessons learned from Bank projects and projects of other development partners into account. Lessons taken from prior experience included the following: i) use of mobile ger-kindergartens to reach the most disadvantaged areas; ii) construction of child-friendly, low cost, energy-efficient kindergartens; and iii) provision of learning materials.

The PDO was well defined and the selected key indicators were appropriate for measuring progress towards achievement of the project's objectives. The Bank team identified relevant risk factors, which were all rated low or moderate, and mitigation efforts were adequate. However, the project design did not identify the exogenous risk of a significant increase in construction costs. Since no mitigation measures were in place, this led to a reduction from 37 to 25 kindergartens being constructed. In addition, design did not anticipate migration from rural to urban areas that produced lower-than-planned demand for mobile kindergartens.

Quality-at-Entry Rating  
Moderately Satisfactory

### b. Quality of supervision

The Bank team conducted regular supervision missions and successfully built capacity within the new PIU after the 2012 election. The supervision team consisted also of an engineer/architect who provided support to the PIU in regards to the kindergarten construction. The Bank team regularly reported on Financial Management and Procurement, and progress towards the project's objective was documented in aide-memoires, back-to-office reports and Implementation Status and Results Reports (ISRs). Following an unexpected increase in construction costs, the relevant key outcome target was appropriately revised downward.



Quality of Supervision Rating  
Satisfactory

Overall Bank Performance Rating  
Moderately Satisfactory

## 9. Assessment of Borrower Performance

### a. Government Performance

During project preparation the government was fully committed to the project and provided financial resources to construct eight kindergartens. However, it took the National Emergency Management Agency and the Ministry of Construction 15 months to approve the kindergarten designs, which led to substantial implementation delays, especially since the project was planned to be implemented within a two-year period. Also, after the 2012 elections, the PIU was left unstaffed for three months. The new staff was qualified but had limited experience in the implementation of Bank projects. The government also increased its benchmark standard pricing for machinery. The increase was mostly related to exogenous factors; however, it led to a reduction in the number of kindergartens that could be constructed under the project.

Government Performance Rating  
Moderately Unsatisfactory

### b. Implementing Agency Performance

After the 2012 elections, the experienced PIU staff was replaced. The replacement took three months during which the PIU was unstaffed. The new staff, even though very qualified, had limited experience in the implementation of Bank projects. However, capacity building within the PIU was effective and the PIU performed its financial management role satisfactorily throughout project implementation. After initial approval delays for kindergartens, the PIU's procurement function was also performed satisfactorily. The PIU also regularly monitored progress towards the project's objectives and provided progress reports. Also, the PIU ensured that the parent survey was conducted, data analyzed, and a report submitted

Implementing Agency Performance Rating  
Moderately Satisfactory

Overall Borrower Performance Rating  
Moderately Satisfactory

## 10. M&E Design, Implementation, & Utilization

### a. M&E Design

The PDO was clearly defined and well reflected in the selected indicators, which were also measurable in terms of numbers, timing and location. The PIU of the Education For-All-Fast Track Initiative was responsible for monitoring of the indicators included in the Results Framework. The PIU coordinated with the department of M&E in the Ministry of Education, Culture and Science to monitor the project. The project design included a survey of parents to assess their satisfaction with the mobile ger-kindergartens and to collect data on their perception of the kindergarten's impact on their children's development.

### b. M&E Implementation

The PIU and the department of M&E in the Ministry of Education, Culture and Science collected data to measure progress towards achievement of the PDO on a regular basis and consistently reported through the Bank's aides-memoire and ISRs. During the January 2013 restructuring of the project, three of the five PDO indicators and two intermediate outcome indicators were modified to focus more on mobile



kindergartens and to reflect the reduction of fixed kindergartens to be constructed due to significant cost escalation. One intermediate outcome indicator was added to meet corporate requirements.  
The data resulting from the parental survey was used to evaluate the impact of early childhood education on the children's development.

c. M&E Utilization

M&E data was collected on a regular basis to track progress towards the achievement of the PDO. The PIU also monitored project outputs and reflected this information in its annual plans and progress reports.

M&E Quality Rating  
Substantial

## 11. Other Issues

a. Safeguards

The project was classified as category B and triggered OP/BP 4.01 (environmental assessment) due to the potential environment impacts of the new construction of kindergartens. The project team prepared environmental safeguard guidelines including an Environmental Management Plan (EMP) to mitigate potential negative impact. Compliance with safeguards was rated Satisfactory throughout project implementation and monitored and reported in detail during implementation support missions by the engineer who was part of the Bank team. Due to a land dispute OP/BP 4.10 (indigenous people) was triggered. However, an indigenous people plan was not required.

b. Fiduciary Compliance

**Financial Management**

Financial management was rated Satisfactory throughout project implementation. The project's unaudited financial interim financial reports as well as the audit reports were submitted in a timely manner. All audit reports were unqualified.

**Procurement**

While procurement was rated Moderately Satisfactory at the beginning of the project due to weak capacity and delays in the construction of kindergartens, it continuously improved and was rated Satisfactory at project closing. The procurement capacity in the PIU was strengthened and the PIU was able to address issues satisfactorily. Also, procurement plans were prepared on a regular basis and submitted for the Bank's review.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

--

## 12. Ratings





Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Satisfactory	Moderately Satisfactory	Project design did not anticipate risk of population migration to urban areas (reducing demand for mobile kindergartens) or of increases in construction costs.
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

**Note**

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

### 13. Lessons

The ICR includes useful lessons (p. 19), modified by IEG:

1 For projects with a short implementation period, simple design and assurance of the government’s approval of project activities are both necessary for completion during the defined project period. In this project, even though the design was simple and the approval process for the new wood-framed construction had begun prior to effectiveness, it took the government 15 months to approve the kindergarten design, resulting in a significant implementation delay.

2 Project-specific surveys are useful tools for assessing the immediate impact of the project activities. In this project, a parent satisfaction survey was conducted to define the importance of early childhood education on children’s development.

### 14. Assessment Recommended?

No

### 15. Comments on Quality of ICR

The ICR provides a good overview of project preparation and implementation. The ICR is concise and internally consistent. However, it would have been beneficial for the reader if the ICR had i) included more details on the economic analysis, particularly on how benefits were estimated, and ii) provided a deeper analysis of lessons learned.

- a. Quality of ICR Rating  
Substantial