



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 24-Sep-2018 | Report No: PIDISDSC25408

**BASIC INFORMATION****A. Basic Project Data**

Country Georgia	Project ID P168481	Parent Project ID (if any)	Project Name Innovation, Quality and Skills for Human Capital Development Project (P168481)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Jan 14, 2019	Estimated Board Date Mar 29, 2019	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Education	

Proposed Development Objective(s)

The project development objectives are to promote human capital development by: (i) expanding early childhood development, (ii) promoting student-centered learning in general education, and (iii) improving the relevance of post-secondary education.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	45.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	45.00
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Non-World Bank Group Financing

Counterpart Funding	5.00
Borrower	5.00



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

Overall project financing envelope and priorities and focus areas described in the following are tentative and will still have to be confirmed officially with Government of Georgia and can and will be changed pending government decisions and feedback.

B. Introduction and Context

Country Context

Georgia, a former Soviet republic located in the Caucasus region, has overcome tremendous hardship in recent years. After the breakup of the Soviet Union in 1991 and the following civil war, Georgia's economy contracted by 65 percent over three years until 1993—an unprecedented collapse even among former Soviet Union states. In the years following, marginal improvements were eventually achieved. However, between 2006 and 2016, the Georgian economy grew robustly at an average annual rate of 4.5 percent.¹ This was despite numerous shocks, including the global financial crisis of 2007-08, the conflict with the Russian Federation in 2008, and the drop in commodity prices since 2014, which impacted key trading partners. Furthermore, poverty declined from 35 percent in 2006 to 21 percent in 2016.²

While socioeconomic progress has been good, it falls short of expectations, and some gains could be reversed. Despite relatively high rates of economic growth, the pace of Georgia's poverty reduction has been muted and relies heavily on pensions and social transfers to a large share of the population that is either unemployed or underemployed. Accordingly, one-in-five Georgians is still living in poverty³ and half of the population is considered vulnerable to falling into poverty. Georgia also has a higher poverty rate than other lower middle-income country peers, despite having a higher GDP per capita in some instances. Inequality is also still among the highest in the ECA region and is evident along geographic and demographic dimensions. Job creation is weak and women's economic participation and employment rates are lower than men's, impacting the country's income generation and growth.

Participating fully in the global economy as technology accelerates requires a continuous investment in skills and learning built on solid foundational skills acquired from early childhood. Georgian authorities are aware that the country risks being marginalized in a competitive global knowledge economy if its education and training system is not able to equip learners with the skills they need in the 21st century. The quality of education remains poor, as Georgia consistently

¹ GDP growth (annual %) data for Georgia are from World Bank Indicators (database), World Bank, Washington, DC (accessed August 28, 2018), <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2017&locations=GE&start=2006>

² Poverty headcount ratio at national poverty lines (% of population) for Georgia are from World Bank Indicators (database), World Bank, Washington, DC (accessed August 28, 2018), <https://data.worldbank.org/indicator/SI.POV.NAHC?end=2016&locations=GE&start=2006>.

³ Based on national poverty line.



performs evidenced by low student learning outcomes.⁴ The systemic as well as institutional reforms should emphasize building a close link with the labor market's need for a skilled and innovative labor force, not only as employees, but also as entrepreneurs. Early childhood development interventions will be critical to preparing Georgians for their working future, as most essential higher order cognitive and socioemotional skills, along with a strong sense of empathy, have their roots in the early years.

Sectoral and Institutional Context

Government spending on education in Georgia is low – compared to countries with similar per-capita incomes and relative to both the shortage of human capital and the country's ambitions. Despite a real increase of nearly 47 percent in education expenditures since 2006, Georgia's education budget amounted to 3.8 percent of GDP in 2016, below the ECA and MIC averages (approximately 5.1 and 4.1, respectively).⁵ Additionally, even though teacher salaries are one of the lowest among public employees in Georgia, teacher and administrator pay accounts for more than 70 percent of the education sector budget, leaving little space for expenditures directed at curriculum improvements, trainings for teachers, grants for research and development, scholarships for disadvantaged students and capital investments to enhance school facilities aligned with the government's vision of pursuing a 'Finnish' model of education with modern learning environments.⁶

Research shows that investing in the early years of life is the most effective way of building human capital and driving economic growth and equity. Access to high quality preschool education is essential for development of higher-order cognitive and socioemotional skills, along with a strong sense of teamwork and empathy, and preparing for the future of work. However, Georgia's net preschool enrollment, not nearly universal at 66 percent in 2013, and is relatively low compared to the EU enrollment rate (about 95 percent).⁷ Therefore, many children in Georgia arrive at school unprepared to benefit fully from the education system. Since learning is cumulative, the cognitive and socioemotional developmental gaps that emerge at young ages hinder further learning over the life-cycle. Future jobs will invariably demand soft skills – such as teamwork, knowledge of digital tools, understanding of rules, responsibility and commitment. Investments in the early years are among the best investments to build these skills and result in high rates of returns.

Relationship to CPF

The proposed Project is well aligned with the Country Partnership Framework (CPF) for 2019-2022. In particular, the proposed Project would contribute directly to the CPF's strategic *Focus Area 2: Invest in Human Capital* and is articulated

⁴ In the most recent Program for International Student Assessment (PISA), for example, Georgia ranked 60th of 72 participating countries in mathematics, 63rd in science, and 65th in reading. In the Trends in International Mathematics and Science Study (TIMSS), Georgia ranked 33rd and 35th in 4th grade math and science, respectively, out of 42 participating countries, and 25th and 30th in 8th grade math and science out of 38 countries.

⁵ Government expenditure on education, total (% of GDP) for Georgia are from World Bank (database), World Bank, Washington, DC (accessed August 28, 2018), <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=GE-XP>.

⁶ World Bank. 2014. *Georgia Public Expenditure Review: Strategic Issues and Reform Agenda (Volume 1)*. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/779561468275119198/pdf/781430GE0v10RE0Box0385291B00PUBLIC0.pdf>.

⁷ School enrollment, preprimary (% gross) data for EU from World Bank (database), World Bank, Washington, DC: World Bank. <https://data.worldbank.org/indicator/SE.PRE.ENRR?view=chart>.



by *Objective 2.1: Support the education system for improved quality and relevance*. Additionally, because improving access to quality education has a direct impact on social inclusion, poverty alleviation, and income growth, the proposed Project is also aligned with: (i) the World Bank's twin goals of ending extreme poverty and promoting shared prosperity; (ii) the World Bank's recently launched corporate priority of Investing in Early Years for Growth and Productivity; and (iii) the Europe and Central Asia Regional Strategy.

C. Proposed Development Objective(s)

The project development objectives are to promote human capital development by: (i) expanding early childhood development, (ii) promoting student-centered learning in general education, and (iii) improving the relevance of post-secondary education.

Key Results (From PCN)

As a result of the implementation of activities supported by the Project, as described in the next section of this concept note, the following key results are expected:

- Increased access to quality preschool education (school readiness) for 5-6 year-olds from 25 percent enrollment to 50 percent, which would require the training of about 600 preschool teachers in 200 preschool institutions, and capacity-building at municipal levels
- Improved quality in general education as measured by improved student learning outcomes on international assessments, such as PISA comparable to the OECD average and improved performance on 9th grade national assessments to at least 50 percent in STEM subjects
- Increased VET skills development in priority growth sectors, including agriculture, tourism, and communications as measured by improved employment rate of graduates from the current 56.2 percent to at least 65 percent
- Improved higher education financing so it is performance-based driven, and strengthened research and innovation so it is better aligned with industry and competitiveness
- Integrated and strengthened EMIS to better inform evidence-based education management and policymaking

D. Concept Description

Improving the quality and relevance of education in Georgia is expected to have long-term gains to human capital development and productivity for children, their families, and society at large. An essential part of economic growth apart from physical capital is labor and learning. Labor relates to the cognitive and non-cognitive skills endowed and applied by workers, which in turn is related to the level of productivity and innovation of a society. Like other countries, Georgia faces both opportunities and challenges from new and innovative technologies, which are disrupting the way we think, work, and interact with each other. The skills required for today's labor market have evolved significantly from those needed a couple of decades ago.

With this potential in mind, the GoG has made an important and high-level commitment to improve the innovation, quality and relevance of education, and the proposed Project aims to support this commitment. The proposed financing envelope and priority areas still require official government confirmation and thus may change according to government priorities and decisions.

In this regard, the proposed Project would tentatively be implemented over a period of five years, from 2019 to 2024, and



would be tentatively financed by an IBRD credit of US\$ 45 million along with counterpart funding of US\$ 5 million, **for a total of tentatively US\$ 50 million which will be confirmed with government**. The proposed Project would be organized around the following four components (to be confirmed with government):

- Component 1 – Increasing Access to Quality Early Learning
- Component 2 – Improving Quality of General Education
- Component 3 – Strengthening Relevance of Post-Secondary Education to Labor Market
- Component 4 – Enhancing System Monitoring Capacity and Supporting Project Management

Safeguard risks:

SORT ratings: The proposed Environmental risk of “Low” is consistent with potential risks and impacts, with or without the school rehabilitation. However, the proposed Social risk of “Low” may not adequately account for vulnerability of the economically disadvantaged minors as the project’s target beneficiaries as well as the possible impacts of school rehabilitation. At the moment it is unclear whether specific disadvantaged minors will be targeted and thus the rating ‘low’ is maintained, but will be reviewed at appraisal stage.

It is also unclear whether the potential rehabilitation work will be targeted narrowly or have a wider national coverage.

Initially the project will prepare an ESMF with Checklist EMPs identified as the appropriate instrument for any potential school rehabilitation activities. If it is determined during preparation that there will be no civil works, then the following consultation with the RSA, it would no longer be necessary to prepare a safeguards instrument.

Social risks: At the moment it is unclear whether specific vulnerable groups or minors will be targeted. Social risks related to broader public support, parents and teachers buy-in with regards to the proposed education reforms. The national and broad based consultations will be inclusive and comprehensive.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Georgia with possible refurbishment of existing preschools and general education schools. Laboratory equipment, teaching and learning materials. If refurbishment is not included the safeguards specialist and advisor may change EA category.

B. Borrower’s Institutional Capacity for Safeguard Policies

Moderate

C. Environmental and Social Safeguards Specialists on the Team

Darejan Kapanadze, Environmental Specialist
Sophia V. Georgieva, Social Specialist



D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will provide technical assistance which has no environmental implications. It may also invest in minor physical works for refurbishment/upgrade of school premises thus the proposed B rating. Decision on including physical works into the project implementation plan and on their scope will be taken at a later stage of project preparation. OP 4.01 has been triggered, but may be revised depending on that and become known by appraisal. Environmental category B given to the project may be revisited accordingly, if required.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The project will not support any private sector activities.
Natural Habitats OP/BP 4.04	No	The project will not support any activities that may affect natural habitats.
Forests OP/BP 4.36	No	The project will not support any activities that may affect forests.
Pest Management OP 4.09	No	The project will not finance procurement and/or application of pesticides.
Physical Cultural Resources OP/BP 4.11	No	If the project financed refurbishment of school premises, all buildings suggested for upgrading will be screened for being on the list of protected cultural monuments and the project will not make interventions in buildings found on such list.
Indigenous Peoples OP/BP 4.10	No	No indigenous peoples in Georgia.
Involuntary Resettlement OP/BP 4.12	No	The project will not support any activities requiring physical displacement or other types of involuntary resettlement.
Safety of Dams OP/BP 4.37	No	The project will not support any activities related to dams and its investments will not depend on dam safety.
Projects on International Waterways OP/BP 7.50	No	The project will not support any activities on the international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project will not support any activities in the disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 31, 2018



Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

In case refurbishment/upgrade of education facilities is agreed upon, the appropriate assessment methods and criteria for selection of facilities (pre-schools/schools) will be worked out.

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APPROVAL

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