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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On

Request for Inspection

Armenia: Second Education Quality and Relevance Project (P107772) and 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.

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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. 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.”

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. 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. 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. 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). 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.”

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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
5Financing Agreement, Schedule 1 for EQRP 2, 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.

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10PAD EIP, p. 16-17, paras. 50-52.
11PAD EIP.
12 The Request, p. 1.
13 Ibid.
14 Ibid.
15 Ibid.
Quality of Education

14. **Disadvantaging Rural Students.** According to the Requesters, the reform under EQR P 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.” 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...” 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%” 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, i.e., “The solutions of current problems in Armenia through political left” 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” and “...cynically...” suggested that the student instead writes 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 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...” 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 equipped laboratories and libraries that

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16 The Request, p. 10.  
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.”

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.” 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

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.” 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.” The Requesters also say that “ill treatment is widely practiced by both teachers and students towards religious minorities.”

Governance

20. Governance and Corruption in Quality Assurance Systems. The Armenian National Quality Assurance Agency (ANQA) 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 and therefore, “met with distrust, if not open opposition…” and eventually resulting in “poor quality reform of higher education.”

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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" \textsuperscript{36} The Requesters state that the Bank ignored its “…own assessment of the tertiary sector governance issues and irregularities…” \textsuperscript{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 EQRP2…” \textsuperscript{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.\textsuperscript{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.\textsuperscript{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\textsuperscript{41} and the government is committed to taking the additional steps to meet the international standards of quality assurance.

\textsuperscript{36} Ibid.  
\textsuperscript{37} The Request, p. 7.  
\textsuperscript{38} The Request, p. 10.  
\textsuperscript{39} MR, p. 10-12, paras. 16-21.  
\textsuperscript{40} MR, p. 11, para. 21.  
\textsuperscript{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)* 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.

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. Management indicates that the above mentioned Report did not find evidence of systemic issues pertaining to *widespread corruption and nepotism*... in the sector.

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.* In Management’s view, the universities’ self-evaluations promoted by ANQA are *useful mechanisms to monitor progress on the desired changes within universities.* 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.*

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.*

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,* 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 areas.

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42 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, para26, 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)

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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.\textsuperscript{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.

\textsuperscript{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 EQRP 2 and EIP, such as in-service teacher training, connectivity to internet for all schools, curriculum revisions and improvements, and students’ assessment activities.  

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

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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. \textit{This is a rational approach to high schools followed in most rural areas throughout the world...} \footnote{56 Document from the Ministry of Education and Science received on July 10, 2014.}

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. \footnote{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).} 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.” \footnote{58 EQRP 2 PAD, p. 35, para. 30.} 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.” \footnote{59 EQRP 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. 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 EQR2 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.

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

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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 EQRP2 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 EQRP2’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. 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.

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.

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.

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.

Management states that they partly concur with the Requesters’ assessment of the governance challenges facing higher education 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. 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.

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.

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. 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. 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.

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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.

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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. 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.
ANNEX I
Date: May 16, 2014

To: Executive Secretary, the Inspection Panel
1818 H Street NW, MSN 10-1007, Washington, DC 20433, USA

Who we are:
N.B. We do not authorize you to disclose our identities.
Subject of the Claim

On March 13, 2014, the World Bank Board of Executive Directors approved a US$30 million financing for the Education Improvement Program in Armenia.¹ This financing continues two previous loan programs² and is supposed to build on the latest program, the 2009-2013 Education Quality and Relevance II Loan Program.

We started working on this Claim before the approval of the Education Improvement Program in Armenia with the purpose of postponing its approval and initiating a revision of the scope and purpose of the proposed financing. Our analysis indicates that the Education Quality and Relevance II Loan Program resulted in substantial harm to the Armenian education system, particularly in the areas of accountability, governance, quality, and accessibility.

We, all the above signed, believe that the main directions of the Education Improvement Program in Armenia loan project are designed in such a way as not to address failures of the previous program and pose a threat of greater harm to the education system of the whole country and hence each and every one of us.

Simultaneously, among the signatories of this claim there are people who are immediately affected by the harmful effects we identify below. Namely, there are those whose career is harmed because of the created and supported governance structure where lack of academic freedom and multiple layers of conflicts of interest are not conducive to the right to critical thinking in research and teaching. There are others, who were simply fired for ideological reasons. There are parents who had to move children to private schools, hire tutors as the high school in its form is not suited to provide adequate education for future higher learning and career (see Attachment).

It is important to note that the individual cases are reflection of systemic problems that we prioritize given the nature of our organizations’ missions. The need for additional tutoring even for best students is so widespread that the children admitted to universities without private expensive tutoring are exceptions rather than a norm.

To support the statement, a blitz survey conducted among 95 first and second-year students (i.e. graduates of newly established high school) of one department of Yerevan State University showed that only 4 of them had not had additional tutoring. That is only 1% of all graduates were able to continue higher education at the university with knowledge and skills gained in the high school.

We believe the new financing in its current scope and form does not properly account for the vast governance and accountability problems in Armenia’s education sector and would exacerbate the harm caused by the previous loan rather than improve the quality of and access to education in Armenia.

We believe any new loan needs to take into account the problems with the previous loan program. Simultaneously in view of existing governance inadequacies demonstrated in dubious and conflicting legislative and regulatory frameworks and numerous obvious conflicts of interests (institutional, not personal) at the highest levels of governance, certain preconditions need to be established to satisfy minimal accountability standards before the World Bank moves forward with any new financing.

We presented our facts and analyses to senior World Bank staff in both Yerevan and in Washington DC.

The fact that the World Bank unconditionally approved the new program is particularly surprising given that the Bank’s own assessment of the previous project concluded that in Armenia there are vast and systemic problems with education governance that hamper any potential for improvement. The World Bank’s assessment alone, even without other credible supporting research commissioned by OSF Armenia, provided conclusive evidence that the objectives of the previous financing had not been achieved and that these failures posed risks for further improvement.

A detailed chart below specifies how concrete deliverables were not attained and the particular failures of the World Bank procedures in relations to each objective that we believe was not achieved (Chart 1).

In general, both the World Bank’s and above noted outside researchers identified the main systemic problems that caused stagnation of the reform process and degradation of the quality and equity of the tertiary education system, including its key aspects - learning and teaching, research, relevance to the economy, relevance to the needs of a democratic society and sustainability. These flaws are: poor governance and quality assurance, inadequate financing and overly-tight political control and a resultant lack of academic freedom. It is our contention that without a serious effort to address these problems in advance the World Bank’s plan to support research through selected university grants will not contribute to improving Armenian universities’ research capabilities or their sustainability (from either the financial or credibility points of view), development or contribution to industry and the labor market.

While quality assurance was a major component of the previous WB education project, the Central European University’s Higher Education Observatory reports that higher education reforms in Armenia have not had a significant impact on the quality of teaching and learning in higher education, or on the content and substance of administrative or governance practices in the field. Moreover, the overall impact of the quality assurance reforms has not been positive; instead quality assurance changes are carefully and fully controlled by the government and ruling political party with no dialogue or consultation possible among relevant stakeholders. Disingenuous quality control is exercised by the state with no nationally defined performance indicators or a comprehensive database to monitor and evaluate higher educational institutions’ (HEIs) performance. Both the CEU’s and the World Bank’s own reports strongly emphasize the pernicious practice of the government directly influencing higher education governance by appointing a majority of the members of HEIs’ governing Councils. The reports further highlight systemic problems pertaining to conflicts of interest in the governing of HEIs, widespread corruption, and nepotism in the field. Quality assurance reforms have been carefully controlled, designed and carried out bureaucratically in a purely top-down manner, and are therefore

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3 Meeting with Mr. Jean-Michelle Hapli, Country Director, World Bank Armenia office in November 2013. Official correspondence to Mr. Hapli following the meeting dated December 9, 2013. Meetings with education team, Armenian ED’s office and a round-table presentation at the the World Bank Washington office in DC, February 2014.


7 Ibid page 11.


met with distrust if not open opposition and simply lack of understanding by most intended beneficiaries, eventually resulting in poor quality reform of higher education in Armenia.

An additional obstacle to quality-based higher education is created by poor financing schemes in the field. Successful reform of existing financing mechanisms, which the government has already committed to implement, will require not only effective allocation of available funding, but a substantial increase in total public funding for higher education. In that case reforms can be expected to have a measurable impact on the quality and competitiveness of higher education. This will only be possible when there is a broad public consensus on the direction of the reforms and trust in HE governance.

Another significant structural problem is the overtly tight political control of the sector. The reports by CEU and the World Bank indicate identical channels and means through which exaggerated and severely counterproductive control over higher education institutions is exercised. Regulatory ambiguity is consistently mentioned as a factor that allows state control over universities. Moreover, the 2002 Charter of the Ministry of Education and Science establishes that the state is nominally in control of universities despite the fact that the proportion of funds allocated to the sector by the state is very limited.

Regarding secondary education — and particularly high school development as planned by the new loan — there are equally strong arguments against the unconditional new funding. The government and the ruling party (Armenian Republican Party) assert political control of the sector through control over the appointment of school principals, the composition of school governing bodies and financing mechanisms. Secondary educational institutions and their employees serve as an important administrative resource that is systematically and vastly abused for political ends during elections.

The system of student aptitude evaluation is hugely problematic in principle and provides conflicting or even mutually exclusive results for student learning and skills evaluation. It does not enjoy broad support and trust among either the public or professional educators, a fact amply demonstrated by expert interviews and research.

Below in Chart 2 we present in greater detail problematic issues that arose during the implementation of the previous loan and failures by the World Bank to address underperformance and the causes that hampered development.

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16 School boards are composed of 8 members, 4 of which are representatives of executive and/or local government. The responsibility of School Boards is selection of school principal, financial decisions, approval of suggestions on procurement/alienation of school property, etc. Despite the fact that school principals are selected by the School Boards, contracts with them are processed and signed by supervising body (marzpetaran or Yerevan municipality). Current way of Board composition gives the executive full control over decisions. Most of school Boards are chaired by high level officials from marzpetarans or Yerevan municipality.
17 Per-capita funding mechanism is not based on the measurement of necessary costs needed to ensure quality education of each student. As a measuring principle in educational service provision no quality based criteria are taken into account. Instead, each year available amount for secondary education is mechanically distributed amongst existing schools based on the formula developed and approved by the Ministry of Finances and the Ministry of Education. No clear methodology of these allocations is available, nor a content based list specifying costs associated with each students' educational needs. There is no comparative data on how existing financial mechanisms contribute to and correlate with the achievements of the state education standards and objectives.
By not addressing systemic problems and clearly identified failures the new loan threatens to exacerbate those and make the situation irreversible given the vast amounts that are supposed to be spent under flawed premise of reform. While further development of the high school system is stated as a priority in the new loan, it is limited to the physical refurbishment of a limited number of high schools (17 out of the existing 102\(^\text{19}\)) and will not address the issue of quality and accessibility of high schools. Education standards, curricula and the entire system of high school are considered as deeply problematic by both the public and the education community. The curricula and education standards and teachers’ professional capacity are of particular concern. The failures of previous standard development have already resulted in gender biased content of education materials and in compliance of civic education with human rights standards and Toledo principles.\(^\text{20}\) Along with gender insensitive content and the constant messaging of traditional gender stereotypes, the teacher’s deeply biased attitude is particularly damaging for developing the notion of gender equality in youth during their formative years. The level of bias is well demonstrated in a survey on gender socialization among teachers according to which a majority of teachers strive to instilldocility and modesty in girls and leadership in boys. Equally troubling is their statement that the educational benchmarks they presume for boys and girls are different with the boys being held to higher standards, with a justification that they need education more than girls\(^\text{21}\).

This is in a country where the number of women with higher education has been greater than men for decades and women in technical and scientific specialties constituted almost half of workforce as recently as ten years ago.

The process by which the standards, the curricula and syllabus are reformed needs to become open and transparent; the benchmarks must exclude the possibility of propaganda of gender bias and discriminatory behaviors. Yet, there is no such guarantee as the same process that had created the problems is supported through the new loan.

In the two charts below we present major points of concern regarding implementation of the previous education versus its stated objectives and deliverables. We also underline particular failure of the WB procedures that contributed to unsatisfactory implementation/result, specifically meaning two things: firstly, the failure to properly identify some of the outlined systemic and damaging problems through proper assessment and hence address them in a timely manner; and secondly, most importantly, when a large number of systemic problems ranging from conflicts of interests, breaching of academic independence and integrity to abundant executive control over the education, had been identified and reported within the WB assessment, failure to not address those in any manner that the harm is minimized and the problems are resolved. Moreover, the problems being systemic and far-reaching into all aspects of governance and quality assurance inadvertently endanger any future support, whereas the World Bank approved the new financing without any reference to the problems and attempt to correct the wrongs.

\(^\text{19}\) Total number of general education institutions in Armenia in 2013-2014. http://stat.armedu.am/?section=content&id=2&year=2013


\(^\text{21}\) According to the survey, for 96% of teachers, courage, determination and industriousness are among instilled characteristics for boys; whereas modesty and patience should be instilled in girls according to 94% of the same teachers. Also 66% of teachers consider boys more capable than girls, while 68% of teachers consider girls to be obedient and modest. Gevorgyan, H. ed. 2011. The Mosaics of Gender Relations. pp35-37.
Suggestions to the WB

- Suspend implementation of the newly approved financing for education. Initiate thorough revision of the project with genuine involvement of local education community, public policy experts in design and consultation process.

- Condition the WB support upon elimination of conflict of interest, government representation and political control in higher education governance through resignations of high ranking officials (i.e. the president, the prime minister, etc.) from university governing boards, establishment of periodic public reporting mechanisms and separation of political and educational spheres via internal university regulations.

- Use clearly defined conditionality tools while working with the Armenian Government. The main conditionality tool in the given context is the reform of the legislative framework to the effect of guaranteeing freedom and independence of HEIs in accordance with the requirements of Armenian Constitution and the Law on Education. Particular legal norms include: SNCO law that allows exercise of undue executive control over university financial management, university board governance and management, government Decree that allows appointment of political figures and government officials as board chairs and majority representation in the university governance.

- In addition to institutional enhancement of internal quality assurance, address internal quality improvement in practice based on clear measurement tools, such as number of internationally competitive research projects and research outcomes by the faculty and students, random sampling of academic papers written by faculty and students and checking of those against criteria of academic honesty, practice of academic freedoms, continuous and holistic plan of the training of faculty and staff, etc.

- In consultation with a wide scope of beneficiaries design quality measurement tools of specialized high school staff, its professional capacity, school facilities, and access to high schools in support of high school reform. Design further WB support to high school reform based on the measurement.

- Prior to deciding main directions of WB support, create a platform where wide circles of beneficiaries will come to reflect upon the directions and means of reform implementation consecutively contributing to the popularization of the education reform agenda itself.
Chart 1. Tertiary Education components of the WB Second Loan with described harms and bank procedure failures

<table>
<thead>
<tr>
<th>Description of the Bank Loan component</th>
<th>Harm</th>
<th>Failure of the bank procedures</th>
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<tbody>
<tr>
<td>1. Establishment and Strengthening of the National Quality Assurance System</td>
<td>In our assessment (coinciding with the WB’s conclusion) the newly established institution, Armenian National Quality Assurance Agency allows for political control mechanisms and lack of integrity in the system. It does not meet standards for independence and its scope of authority is insufficient to fulfill its mission both per European standards and versus its own charter.</td>
<td>The Bank failed to address the identified problems to the borrower to resolve them. Moreover, establishment of ANQA is considered as a major achievement of the loan project, despite its criticism by the Bank itself.</td>
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</table>

Details:
Established in 2008 Armenian National Quality Assurance Agency (ANQA) functions a consultative body for external quality assurance. There are serious irregularities in its mission, composition and functions. The mission of ANQA is stated in its Strategic Charter\(^\text{22}\) as “independent from the RA Government and accreditation subject institutions”. However, it is neither independent nor has the accreditation authority, but is rather consultative to the Armenian government. Moreover, it is chaired by the Prime Minister, who in his turn is the board chair of the Armenian State Pedagogical University. Moreover, ANQA is a consultative body only and the final decision on accreditation lies with the Government. Additionally, ANQA is an associate member of ENQA and aspires for its full membership. However, the level of political control in its composition and failure to adhere to the external quality assurance principles are major violations in the functions of the Agency. Namely, the principle of independence as defined in the Standards and Guidelines for Quality Assurance in European Higher Education Area, as “Agencies should be independent to the extent both that they have autonomous responsibility for their operations and that the conclusions and

b) Internal quality assurance system with policies and procedures for internal mechanisms, and establishment of QA units in universities

Outcomes:
Strengthened capacities of ANQA, MoES Higher Education and Licensing Departments, HEIs;

Ensuring day-to-day effective operation of newly established bodies (ANQA, IQA units in HEIs) in accordance with the Bologna recommendations made in their reports cannot be influenced by third parties such as higher education institutions, ministries or other stakeholders. This has also been commented in the ENQA report of ANQA's work in November 2013, where the direct conflict of interest, lack of authority to make accreditation decisions and coaching work have been mentioned as diverted from main mission of an independent external accreditation agency.

The current set up of university governance is regulated through ambiguous legal documents that allows overrepresentation of political entities in various ways into both education content and management, and uses as a tool for political/ideological control, brings to top down reform implementation, non-inclusive approaches for academic community.

Details:
The governance boards of state universities, state education agencies are represented by government officials, MPs, and by the administration of the President at the level of no less than 50%. Universities are managed by Law on Education, Law on Higher and Postgraduate Education, Law on State Non Commercial Organizations, which are in direct contradiction with one another and allow for interventions by the state over their finances, management appointments, specializations, and admissions. Such intervention is in itself anti-constitutional.

The establishment of internal QA units was mostly done at formal despite own assessment of the tertiary sector governance issues and irregularities, failure to make corresponding changes in program design/concept and continuing to fund fragmented components that have little likelihood to sustain the system.

To address qualitative, in additional to quantitative, measurement in Program Result Report and make adjustments for future activities.

Details:
The internal QA centers supported by the Bank program only structurally follow the policies and procedures on formal level. Whereas the goal is on the

Establishment and strengthening of internationally compatible Quality Assurance system in Armenia.

- **2.**
  - **a)** Designing a sustainable strategy for public financing of HE with components of legislative changes for the implementation of the higher education financing strategy's recommendations; financing new methods and mechanisms; expansion of students' financial aid; proper pricing policy and methodology of tuition fee formation
  - **Constrains in financial autonomy, control over university finances restrict universities and fragmented funding for research and modernization cannot assist in ensuring sustainable funding system, especially considering decreasing public expenditure on education.**
  - **Details:** The financing strategy does not address the decrease in the public spending and does not offer ways for universities to engage in various activities due to legal framework regulating the finances of universities. The state controls directly the budget of state universities, despite the fact that the proportion of state allocation is very limited. State universities receive only between about 9 and 30% of their budgets from the state; the rest of their funding comes from student tuition fees. The latest Medium Term Expenditure Framework 2012-2014 indicates that total education spending will continue declining in the next three years down to 2.6 percent of GDP, placing Armenia back to among one of the lowest education spending countries in the region.

- **b)** Designing a competitive innovation fund
  - **Details:** Absence of research and complete separation of research and teaching is one of the major shortcomings of education system. Not only do universities disregard the importance of research, but development of internal QA mechanisms, the measurement for this is only done through the number of QA units established. However, the quantitative indicators cannot be considered as measuring the quality system and quality per se.

Key risks were identified with recommendations to the country government to resolve them, however no actions were taken other than "closing eyes" on the risks.

- **Details:** Situation with governance and funding principles was assessed as a major problem with the higher education sector. Despite own assessment, the Bank bypasses this situation and directs funding into compartmentalized sector, which given the current situation cannot soar.

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to develop and implement innovative plans for modernizing their curriculum and pedagogical methods, develop ECTS, build their fund-raising capacity, create linkages with industry, and engage in international cooperation activities.

Outcomes:
- Higher education sustainable financing strategy
- Appropriate documents for designing CIF and legislative documents package for submitting to approval

also do not create favorable conditions for faculty to participate in international programs and engage in research. The above mentioned control mechanisms undermine academic independence vital for credibility and sustainability of any research and scientific endeavor. Reports on how these control levers have been used to ban "politically incorrect" research projects even at the level of approval of topics are abundant. This makes competitive faculty leave universities and/or adjusts to antiscientific standards. The presence of research is a necessary condition for attracting competitive faculty, who otherwise prefer to leave the sector. Simultaneously, limited public funding for research (0.2 % of GDP) is primarily allocated to the Academy of Sciences, limiting university research capacities. However, the major problem with the component is that apart from lack of funding, there are no mechanisms for research development in universities. This is explained by the extreme workload for faculty/researchers, little resource available for full-fledge research, control over financial transactions, and incomplete internal mechanisms and contradictions to various policies and practices that bottleneck the autonomy of universities.

29 Matei, L., Iwinska, J., Geven, K. Higher Education in Armenia Today: a focused review. Budapest 2013. CEU Higher Education Observatory
Chart 2. Enhancing General Education Component with harms and failures for bank procedures

<table>
<thead>
<tr>
<th>What is bank loan component</th>
<th>Harm</th>
<th>Failure of the Bank procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1</td>
<td>High schools are largely inaccessible for students from rural areas. Hundred and two out of hundred and nine high schools are located in cities and only seven - in rural areas(^\text{30}). In rural areas there are still schools that work based on 12-year curriculum which is not designed and does not provide specialization.(^\text{31}) These schools are not able to comply with the government’s plan to transfer to credit system in high school courses. Thus graduates of high schools will have double advantage over those in 12-year curricula schools. Given higher rates of poverty and vulnerability in rural areas, as well as professionally and technically lower capacities of these schools compared to urban ones, the disadvantage is much greater and the risks for further limiting access to higher education is growing higher.</td>
<td>Bank failed in setting proper monitoring and self-evaluation indicators for EQR P2 and relied on the borrower’s M&amp;E system (OP 13.60, point 4.) and reporting. Irrelevant baseline data were considered for measuring the progress of EQR P2.</td>
</tr>
<tr>
<td>Enhancing the Quality of General Education</td>
<td>- The existing per-capita financing mechanism does not ensure allocation of the relevant financial resources for provision of quality streaming education in high school. Students and parents still have to take private tutor classes for preparation to the final unified/admission exams. (^\text{32}) Content analysis of school textbooks shows that asymmetric representation of gender roles prevails. Male and female characteristics, roles, attributes, professions are created and reproduced through images and texts. Discriminatory norms and perceptions are widely promoted both in textbooks, teaching process, and teachers’ attitude. By the decree of the Minister of</td>
<td>- The factual challenges of the high school reform were not taken into account during the development stage of the new Education Improvement Project (P130182), while the Bank Procedure, defines that “During appraisal, the task team assesses the adequacy of the proposed program to achieve its stated objectives.” (BP 8.60, point 6).</td>
</tr>
<tr>
<td>Subcomponent 4. Supporting the Implementation of High School Reform</td>
<td>- Organization of teaching/learning process in streams.</td>
<td>- The beneficiary and public feedback was ignored both during the implementation, monitoring and assessment of the EQR P2</td>
</tr>
<tr>
<td>Goal: Increasing the education quality and relevance in high schools and establishment and improvement of the high school network by assisting in:</td>
<td>- Creation of methodological structure, curriculum, teaching and learning materials for the HSs according to the diversified streams.</td>
<td></td>
</tr>
<tr>
<td>- Raising the professional level</td>
<td>- Raising the professional level</td>
<td></td>
</tr>
</tbody>
</table>

\(^\text{30}\) Distribution of general education institutions in Armenia in 2013-2014 per educational programs available in urban and rural areas http://stat.armedu.am/?section=content&id=63&year=2013

\(^\text{31}\) Total number of general education institutions in Armenia in 2013-14 per available implemented educational programs http://stat.armedu.am/?section=content&id=2&year=2013

of high school teachers

Education, the class for the subject of Technology should be divided into groups based on gender. For each group there is separate curriculum. About 30% of textbook themes are general and are meant for both girls and boys. Other themes are gender specific and are meant for differentiated teaching for boys and girls (e.g. the section on culinary, food security and nutrition is taught only to girls, so is the section on aesthetics, whereas the section on construction is taught to boys only). This is justified by further professional specialization for males and females, which does not provide a comprehensive development of individuals as specified in the standard and goal of the subject program.

- Development of subject standard for the Armenian Church History is singlehandedly controlled and supervised by Armenian Apostolic Church through its Center for Christian Education and Propaganda. During the teaching process the doctrine of the Armenian Apostolic Church is preached. Discrimination and ill treatment are widely practiced by both teachers and students towards religious minorities.

- Substantial part of EQR2 was aimed at the professional development and in-service teachers’ trainings. Initial stated aim of the teachers’ professional development was the increased quality of education, capability of using ICT technologies and e-content during the teaching process. However, the trainings conducted based on unified content and format, which was not efficient as teachers’ professional and pedagogical skill, experience and needs vary.

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Attachment

Case 1: The case shows lack of academic independence for credibility and sustainability of research, censorship of research and politicization in academia.
In 2012 I contacted the Head of Philosophy Department of National Academy of Science and expressed my wish to write a dissertation within political philosophy field on “The solutions of current problems in Armenia through political left”. The head of the department was long trying to convince me that this is not a right topic to take and was cynically suggesting that I write about “The behavior of strip dancers in Armenia”. Anyway, it took me three months to discuss and negotiate with him the topic I chose and eventually he refused my suggested topic reasoning that he was not going to help the current political opposition in Armenia. Just to note that there is in fact no political left in Armenia and the opposition he was referring is of neoliberal nature. Not only did the department head violate my basic rights, but he also positioned himself politically as well as cynically. I was long trying to get a written notification from him for rejection, but he kept refusing.

Case 2: The case is illustrative of lack of academic freedom in research, irregular mechanisms of research within universities, political control and violation of secularity of university.
In 2003 I was admitted as a PhD student at Armenian State Pedagogical University and in 2008 I presented for a pre-defense my thesis paper on “Characteristics of Spiritual Education for High School Students” and received a positive feedback on it. The public defense of my thesis was postponed for 3 years, so for that reason it was re-submitted for another pre-defense in 2011 and eleven months later on May 24, 2012 it was finally set. The Department of Theology at Yerevan State University, which was wrongly selected as a leading entity, provided negative feedback on the thesis, naming it as “something populist”. This could not have been legitimate, since the above department had no relevance to pedagogical sciences and was not entitled to provide opinion on the thesis work. It took another 10 months to get the Department of Pedagogy of the same university to take over as a leading entity and to provide a second opinion. This department’s opinion was largely influenced by the existing negative feedback of the first department. Also, it was influenced by the opinion given by Reverend Father Vardan Navasardyan, the representative of Apostolic Church and the Director of the Center for Christian Education. His opinion was non-scientific and should not have been taken into account for the defense of a scientific paper either legally or ethically, however it was accepted by the academic committee. The opponents claimed propaganda elements in the thesis without justifying their position. On February 28, 2013 the public defense eventually took place. Seven of the twelve members of the academic committee voted against my thesis and rejected granting me with a degree. I should note that my work has been presented to a number of scientific institutions at the National Academy of Sciences of Russia and the State Linguistic University of Novgorod and I have received offers to defend it in Russia or in Ukraine. In 2012 I was dismissed from my position at Armenian State Pedagogical University, which according to the university management was in the result of reorganization of the Chair of Social Pedagogy. I claim that the real reason behind this related to the issues of spiritual education in my thesis that was misinterpreted by the above communities as religiosity. I keep getting hints that the defense of my thesis work will never be possible, because I am a member of a religious organization and the academic committee will vote against.
Case 3: This case demonstrates that due to dubious legislative field executive control over universities is made possible

On April 6, 2012 the Rector of Yerevan State Linguistic University after Brussov received a reprimanding letter from the Minister of Education and Science Mr. Armen Ashotyan. The Minister referred to the breach of duties and unexcused absences by the Rector whereby he, despite the Minister’s rejection, participated in a conference in Strasbourg, France from March 19 to March 23, 2012. The Rector received a second reprimand by the Minister on April 17, 2012. The same day the Minister suspended the rector’s responsibilities and terminated the employment contract.

The Rector’s dismissal is a violation of RA Constitution and his labor rights. Firstly, the university autonomy principle specified by the RA Constitution and the Law on Higher and Postgraduate Education was violated that allowed the executive to intervene into the hiring and firing of the university head (by the above laws such a function is prescribed to the university governance board). The Rector’s dismissal was, however, possible due to the irregular legal framework, namely the RA Law on State Non-Commercial Institutions that regulates Armenian universities and allows the founder, i.e., the Ministry, to appoint and dismiss rectors and board members. This law therefore conflicts the independence of universities. Moreover, the labor right of the Rector was violated since the termination of his duties and the contract was not done by the relevant body, i.e. his employer. The minister is not entitled legally or practically to draw penalties, since according to the RA Labor Code this function is vested into the employer, i.e., the university board.
Parents’ authorization letter

Subject matter: the cases support the claim that high school as designed and supported by the WB loan has not been realized to the extent that it does not provide minimal sufficient learning outcomes and skills to the students to continue education at universities, which is the main mission of the high school as stated by the Education Quality and Relevance Second Loan Program.

We the undersigned parents — citizens of the Republic of Armenia, have suffered a significant harm in the result of insufficient implementation of the high school reforms that were initiated and implemented within the scope of the Education Relevance and Quality II Loan Program funded by the World Bank. We believe that this harm is a result of World Bank’s non-compliance with its operational policies on monitoring and evaluation and improper control over the implementation of the ERQP II. In particular:

1. High schools, where our children study/studied do/did not ensure provision of quality education services. All of us have had to either apply for additional tutoring or transfer children to private schools to get better quality education and preparedness to enter universities. We believe that our children would have never gotten quality education and enter the university if they had stayed at the state high schools.

2. High schools do/did not provide for the quality streaming education that would ensure professional orientation for our children. High schools are not equipped with the necessary technical capacities and do not have proper equipped laboratories and libraries that would provide for the quality education. Computer classes are not fully accessible for children. Teachers do not use the computers during the class.

3. The textbooks and teaching are/were of low quality. Some of textbooks, like Social Science textbooks for 9 to 11 grades, include discriminative norms and are gender insensitive. For example, in the 10th grade textbook the hypothesis of psychologist U.F.Harley is given according to which there are five basic needs of men and women, fulfillment of which guarantees stability of marriage, while dissatisfaction of those needs may lead to the conflict and even to divorce. 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. The textbook and teaching process do not provide children with opportunity to discuss and argue these statements. Hence there is real risk that children may accept them as norm and apply later in life. Another example from the same textbook says that “the societies, such as western ones, where women are fully involved in social life, turn to have a significant decrease in birth rate”. Children can take the statement as granted and think that the only mission of women is to ensure population growth, thus making her reproductive function a priority in contrast to women’s wish to become a fully integrated member of society.

4. We all bear the harms that result from professionally unqualified teachers, their discriminatory attitudes and practices towards school children, unawareness of and incompetence in applying innovative teaching methods in classrooms. Some of the teachers in our schools do/did not take any action to promote interest of our children in
particular subjects (e.g. physics) which resulted in zero motivation among children to study that subject.

5. We faced the situations when teachers proposed us out-of-class private tutoring of our children, which in fact was the compensation for the under-taught content in the classroom.

Taking into account that some of our children are still enrolled in high schools, and in order to avoid their undue discrimination or harassment, we would request the Inspection Panel and the World Bank to keep our data in strict confidentiality. We hereby authorize above organizations to apply to the World Bank Inspection Panel on our behalf. In consultation with us, the above organizations will embark on compiling and submitting the Claims to the WB and Inspection Panel.

Respectfully,

Claimants:
MANAGEMENT RESPONSE TO REQUEST FOR INSPECTION PANEL REVIEW OF THE ARMENIA SECOND EDUCATION QUALITY AND RELEVANCE PROJECT (P107772) AND ARMENIA EDUCATION IMPROVEMENT PROJECT (P130182)

Management has reviewed the Request for Inspection of the Armenia Second Education Quality and Relevance Project (P107772) and Armenia Education Improvement Project (P130182), received by the Inspection Panel on May 16, 2014 and registered on June 5, 2014 (RQ14/03). Management has prepared the following response.

July 7, 2014
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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ANQA</td>
<td>Armenian National Center for Professional Education Quality Assurance</td>
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<tr>
<td>APL</td>
<td>Adaptable Program Loan (used also to refer to Adaptable Program Credit)</td>
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<tr>
<td>ATC</td>
<td>Assessment and Testing Center</td>
</tr>
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<td>BP</td>
<td>Bank Procedures</td>
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<tr>
<td>CEU</td>
<td>Central European University</td>
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<tr>
<td>CIF</td>
<td>Competitive Innovation Fund</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>EIP</td>
<td>Education Improvement Project</td>
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<tr>
<td>EMIS</td>
<td>Education Management Information System</td>
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<tr>
<td>EMP</td>
<td>Environmental Management Plan</td>
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<tr>
<td>ENQA</td>
<td>European Association for Quality Assurance</td>
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<tr>
<td>EQRP2</td>
<td>Second Education Quality and Relevance Project</td>
</tr>
<tr>
<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit</td>
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<tr>
<td>HEI</td>
<td>Higher Education Institution</td>
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<tr>
<td>ICR</td>
<td>Implementation Completion and Results Report</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IQA</td>
<td>Internal Quality Assurance</td>
</tr>
<tr>
<td>MoES</td>
<td>Ministry of Education and Science</td>
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<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
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<tr>
<td>NIE</td>
<td>National Institute of Education</td>
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<tr>
<td>OP</td>
<td>Operational Policy</td>
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<tr>
<td>OSF</td>
<td>Open Society Foundations</td>
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<tr>
<td>PIU</td>
<td>Project Implementation Unit</td>
</tr>
<tr>
<td>POM</td>
<td>Project Operational Manual</td>
</tr>
<tr>
<td>QA</td>
<td>Quality Assurance</td>
</tr>
<tr>
<td>READ</td>
<td>Russian Education Aid for Development</td>
</tr>
<tr>
<td>SABER</td>
<td>System Assessment and Benchmarking for Education Results</td>
</tr>
<tr>
<td>TEMIS</td>
<td>Tertiary Education Management Information System</td>
</tr>
<tr>
<td>TIMSS</td>
<td>Trends in International Mathematics and Science Study</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

The Projects

1. **The Education Improvement Project (EIP).** The EIP consists of a loan of US$15 million from IBRD and a credit of US$15 million from IDA. The objectives of the EIP 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.

2. **The Second Education Quality and Relevance Project, Adaptable Program Loan (APL) Phase 2 (EQRP2).** The EQRP2 consists of a credit of US$25 million from IDA. The objectives of the EQRP2 are to: (i) enhance school learning in general education and improve the school readiness of children entering primary education; and (ii) support the integration of the Armenian Tertiary Education system into the European Higher Education Area.

The Request for Inspection

3. On June 5, 2014, the Inspection Panel registered a Request for Inspection, IPN Request RQ 14/03, concerning the EQRP2 and the EIP. The Request for Inspection was submitted by nine NGOs, two students and five parents from Armenia who requested to keep their identities confidential.

4. The Request alleges that the two Bank financed operations fail to address what the Requesters view as the key issues in the higher education system in Armenia, including: (i) poor governance and corruption in the Armenian National Center for Professional Education Quality Assurance (ANQA); (ii) inadequate financing; (iii) overly-tight political control; and (iv) lack of academic freedom. The Request further alleges, similarly, that the two Bank operations fail to address systemic issues in secondary education, including, (i) political control of the sector by the government; (ii) weak student evaluation; (iii) putting rural students at a disadvantage; (iv) ineffective teacher training; (v) lack of transparency in curricular and syllabus design, leading to gender bias and discriminatory behavior; and (vi) discrimination against religious minorities. The Request also alleges that there was a lack of consultations during project preparation as well as inadequate incorporation of lessons learned from the previous education projects. As a result of this, the Requesters claim that the projects "pose[s] a threat of greater harm to the education system of the whole country and hence each and every one of us."

Management’s Response

5. **Management does not believe that the Request meets the eligibility criteria.** In Management’s view, the Requesters are not able to demonstrate that their rights or interests have been or are likely to be adversely affected by the projects as required by the Panel Resolution. Furthermore, Management disagrees that the alleged adverse impacts cited in the Request result from the two Bank-supported projects.
6. Management notes that the Request for Inspection is primarily about broad issues in the education system in Armenia and that the description of the alleged potential harm consists of existing shortcomings to the system in general, neither specific to nor resulting from the two Bank-financed projects. In Management’s view the claims of harm presented in the Request for Inspection: (1) do not relate to the Bank-supported operations, but rather to (i) existing conditions in the Armenian education system (quality of higher and secondary education, quality of teachers, urban/rural distribution of schools, quality of text books), and (ii) issues around government or church influence in the education sector; and (2) are generally based on the assumption that Bank support granted under an operation amounts to the Bank’s endorsement of and responsibility for every issue in the respective sector. The Requesters also suggest that sector issues that are not addressed by the Bank-supported projects would constitute harm caused by the projects.

7. In Management’s view the Request for Inspection is about the Requesters’ design preferences for the projects as well as a view that Bank support should be offered only when the education sector is performing well. In the Requesters’ view, the projects cannot achieve adequate progress under the current situation, and the Bank therefore should not support the education sector in Armenia but rather exit and create preconditions for reengagement. The Requesters also present a list of suggested actions for the Bank to take in this regard. These are presented in Annex 1 along with Management’s responses.

8. The Requesters appear to misinterpret harm as any pre-existing conditions which they view as undesirable and which are not addressed by the Bank supported projects, and which they believe should be. This, however, does not relate to any “acts or omissions” by the Bank in relation to Bank policies or procedures, and does not constitute the harm which is referred to in the Panel Resolution. Hence, in Management’s view the harm alleged by the Requesters represents what they view as non-accomplishments of the projects and must be viewed as unfulfilled expectations that do not generate a material deterioration. This cannot “be considered as a material adverse effect” for the purpose of the Panel Resolution.

9. Notwithstanding the above considerations Management welcomes this opportunity to further clarify its support to the Armenian education sector and progress of achievements to date.
I. INTRODUCTION

1. On June 5, 2014, the Inspection Panel registered a Request for Inspection, IPN Request RQ 14/03 (hereafter referred to as “the Request”), concerning the Armenia Second Education Quality and Relevance Project (EQRP2, P107772) financed by the International Development Association (IDA) and the Armenia Education Improvement Project (EIP, P130182), financed by both IDA and the International Bank for Reconstruction and Development (the Bank).

2. **Structure of the Text.** The document contains the following sections: Section II summarizes the Request; Section III provides background on the two Projects; and Section IV contains Management’s response. Annex 1 presents the Requesters’ claims, together with Management’s detailed responses, in table format. Annex 2 discusses lessons learned from previous Bank-funded projects in Armenia that were considered in the design of the EIP and Annex 3 provides information on the consultations and due diligence undertaken by the Bank for the two projects.

II. THE REQUEST

3. The Request for Inspection was submitted by nine NGOs, two students and five parents from Armenia who requested to keep their identities confidential, hereafter referred to as the “Requesters.”

4. The Request alleges that the two Bank financed operations fail to address what the Requesters view as the key issues in the higher education system in Armenia, including: (i) poor governance and corruption in the Armenian National Center for Professional Education Quality Assurance (ANQA); (ii) inadequate financing; (iii) overly-tight political control; and (iv) lack of academic freedom. The Request further alleges, similarly, that the two Bank operations fail to address systemic issues in secondary education, including, (i) political control of the sector by the government; (ii) weak student evaluation; (iii) putting rural students at a disadvantage; (iv) ineffective teacher training; (v) lack of transparency in curricular and syllabus design, leading to gender bias and discriminatory behavior; and (vi) discrimination against religious minorities. The Request also alleges that there was a lack of consultations during project preparation as well as inadequate incorporation of lessons learned from the previous education projects. As a result of this, the Requesters claim that the EIP "pose[s] a threat of greater harm to the education system of the whole country and hence each and everyone of us."

5. Attached to the Request are three testimonials by individuals and a parental authorization letter. No further materials were received by Management in support of the Request.

6. The Request contains claims that the Panel has noted may relate to the following Bank Operational Policies (OP) and Bank Procedures (BP):
Armenia

- OP/BP 4.01, Environmental Assessment;
- OP/BP 10.00, Investment Lending;
- OP/BP 10.00, April 2013, Investment Project Financing; and
- OP/BP 13.05, Project Supervision.

III. BACKGROUND OF THE PROJECTS

The Education Improvement Project (EIP) – P130182

7. The Project. The EIP consists of a loan of US$15 million from IBRD and a credit of US$15 million from IDA, and government counterpart funding in the amount of US$7.5 million. It was approved by the Board on March 13, 2014 and is not yet effective. Its closing date is September 30, 2019.

8. Project Objectives. The objectives of the EIP 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.


- Component 1: Enhancing the Quality of General Education (total estimated cost: US$27.50 million), which consists of the following sub-components: (1.1) Promoting school readiness and equal opportunities at the start of general education; (1.2) Enrichment of upper secondary schools; (1.3) Improving data-collection and monitoring of the education system performance; and (1.4) Supporting further improvements in the quality of education through curriculum revisions.

- Component 2: Mainstreaming of the Competitive Innovation Fund (CIF) for Higher Education Institutions (HEI) into full implementation (total estimated cost: US$6.25 million).


The Second Education Quality and Relevance Project, Adaptable Program Loan (APL)\(^1\) Phase 2 (EQRP2) – P107772

10. The Project. The EQRP2 consists of a credit of US$25 million from IDA and government counterpart funding in the amount of US$6.25 million. The project was approved by the Board on May 12, 2009 and closes on November 30, 2014. A total of US$19 million has been disbursed to date.

\(^1\) APL acronym also used to refer to this Adaptable Program Credit.
Project Objectives. The objectives of the EQRP2 are to: (i) enhance school learning in general education and improve the school readiness of children entering primary education; and (ii) support the integration of the Armenian Tertiary Education system into the European Higher Education Area.

Project Components.

- **Component 1**: Enhancing the Quality of General Education (total estimated cost: US$19.66 million equivalent), which consists of the following sub-components: (1.1) Promoting school readiness and equal opportunities at the start of general education; (1.2) Supporting further improvements in the quality of education through improved in-service teacher training and professional development; (1.3) Continuing support to the integration of Information and Communication Technologies (ICT) in the teaching and learning process; and (1.4) Supporting the implementation of high-school reform.

- **Component 2**: Supporting Tertiary Education Reforms in the Context of the Bologna Agenda (US$7.53 million equivalent), which consists of the following sub-components: (2.1) Establishment and strengthening of the national quality assurance system; (2.2) Developing a Tertiary Education Management Information System (TEMIS); (2.3) Strengthening the capacity to implement a sustainable financing system; and (2.4) Reforming pre-service teacher education.

- **Component 3**: Project Management, Monitoring and Evaluation (US$4.06 million of which US$3.25 million in IDA financing).

The EQRP2 has achieved important results by supporting the implementation of reforms that are expected to contribute to improved student learning in both general and higher education. The reforms supported include: (i) preschool expansion through implementation of micro-projects to enhance existing preschools or through establishment of preschool services in the poorest and most vulnerable communities, benefitting about 5,000 children; (ii) enhancing the quality of education by providing targeted in-service trainings to about 12,000 general education teachers; (iii) providing internet connectivity to all schools in Armenia and implementing the Education Management Information System (EMIS); (iv) supporting high school reform by establishing and equipping resource centers in all of them; (v) providing technical assistance for the establishment of a quality assurance system led by the ANQA; and (vi) development and piloting of a CIF for HEIs. The project is currently rated as **Moderately Satisfactory** for its development objectives. Two out of the three outcome indicators present a positive trend (improved Early Development Index of students in preschools and kindergartens receiving grants; and standings of Armenia in the Bologna Scorecard in Higher Education), while the third indicator (performance of Armenian students in Trends in International Mathematics and Science Study, TIMSS 2011) will need to be revised as the field tests for TIMSS were carried out 6 months after the project became effective. All project activities are on track towards achieving the end of program targets.
14. Preparation of both projects met the requirements of OP/BP 10.0 and OP/BP 4.01. Subsequent supervision of EQRP2 met the requirements of OP/BP 13.05. Notably, lessons learned during the implementation of the first Education Quality and Relevance Project (P074503) and the ongoing EQRP2 shaped the design of the EIP (see details in Annex 2). The Implementation Completion and Results (ICR #00001318) report of the first project highlighted the importance of: (i) conducting open discussions and achieving public consensus; (ii) using good analytical work to inform project preparation; (iii) intensive and continuous guidance and supervision; and (iv) having a sound and independent monitoring and evaluation mechanism in place. The EIP’s preparation involved consultations with several education sector and civil society stakeholders (as detailed in Annex 3) and included analytical work covering the whole spectrum of the education system, from preschool through higher education. The EQRP2 included rigorous evaluation studies for the project’s supported preschools and for the in-service teacher training activities. The Bank team also maintained a close dialogue with the government and undertook several supervision missions (as detailed in Annex 3). Lessons learned during the implementation of the EQRP2 as well as international evidence and best practice were also considered during the preparation of the EIP, in particular, for the support of the preschool subcomponent, for the EMIS to increase accountability, and for the mainstreaming of the CIF as described in Annex 2.

IV. MANAGEMENT’S RESPONSE

15. The Requesters’ claims, accompanied by Management’s detailed responses, are provided in Annex 1.

Eligibility Considerations

16. Management does not believe the Request meets the eligibility criteria. In Management’s view, the Requesters are not able to demonstrate that their rights or interests have been or are likely to be adversely affected by the projects as required by the Panel Resolution. Management disagrees that the alleged adverse impacts cited in the Request result from the two Bank-supported projects.

17. Management notes that the Request for Inspection is primarily about broad issues of the education system in Armenia and that the description of the alleged potential harm consists of existing shortcomings to the system in general, neither specific to nor resulting from the two Bank-financed projects. In Management’s view the claims of harm presented in the Request for Inspection: (i) do not relate to the Bank-supported operations, but rather to existing conditions of the Armenian education system (quality of higher and secondary education, quality of teachers, urban/rural distribution of schools, quality of textbooks), and to issues around government or church influence in the education sector; and (ii) are generally based on the assumption that Bank support granted under an operation amounts to the Bank’s endorsement of and responsibility for every issue in the respective sector. The Requesters also suggest that sector issues that are not addressed by the Bank-supported project would constitute harm caused by the project.
18. Management also notes that the individual testimonies (referred to as “case studies”) presented in the Request, are not verifiable, nor do they offer indication or evidence that the alleged incidents stem from the support granted under the two projects, or are related to the projects in any way. These testimonies present personal experiences of a few individuals, while lacking evidence that such experiences are occurring in a systemic manner. Further, it is not clear how the two Bank-supported operations could be related to: (i) the individual decisions of professors or faculties regarding the acceptance or refusal of a proposed Ph.D. thesis topic; (ii) the acceptance of a Ph.D. thesis; or (iii) the dismissal of a Rector.

19. The Request for Inspection is about the Requesters’ design preferences for the projects as well as a view that Bank support should be offered only when the education sector is performing well. Much of the Request is about the Requesters’ views on when and how the education system in Armenia should be supported by the Bank. In the Requesters’ view, the projects cannot achieve adequate progress under the current situation, and the Bank therefore should not support Armenia but rather exit and create preconditions for reengagement. The Requesters also present a list of suggested actions for the Bank to take in this regard. These are presented in Annex 1 along with Management’s responses.

20. 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, but which they believe should be. This, however, does not relate to any “acts or omissions” by the Bank in relation to Bank policies or procedures, and does not constitute the harm which is referred to in the Panel Resolution. Hence, in Management’s view, the harm alleged by the Requesters represents what they view as non-accomplishments of the projects and must be viewed as unfulfilled expectations that do not generate a material deterioration. This cannot “be considered as a material adverse effect” for the purpose of the Panel Resolution.

21. Notwithstanding concerns regarding the eligibility of this Request, Management agrees that some of the points made by the Requesters are valid and notes that several interventions under the projects support the government precisely in the direction of the wide reforms that are needed to address these points. However, the Bank’s global experience shows that educational improvement is gradual and takes time. Hence, based on the Bank’s mandate and experience, its support is most effective when applied based on a joint understanding with the Borrower of the required interventions that lead to improvement. Evidence shows that engaging before the circumstances are ideal allows for progress toward the goals of improving quality and relevance of education. Waiting until all issues are addressed precludes the opportunity to support progress and early intervention can improve the pace and quality of their progress.

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2 In the Requesters’ own words, in their view the previous education projects’ “objectives [...] had not been achieved” and “concrete deliverables were not attained,” and that without changes the new project will not “contribute to Armenian Universities’ research capabilities or their sustainability [...]”

Likewise, Management welcomes this opportunity to continue to clarify the issues and questions raised by the Requesters. The Bank has met with various stakeholders over the past few years, including civil society, where issues of concern have been raised, and has shared many documents. In addition to dissemination of Bank reports on the education sector and engagement with stakeholders during preparation and implementation visits, consultations were carried out in the context of the EIP preparation during 2013. As detailed in Annex 3, consultations were undertaken for: (i) the school readiness enhancement subcomponent; (ii) assessment of the current situation of high school reforms in Armenia; (iii) the environmental and social management framework for the infrastructure subcomponent; and (iv) the evaluation of the CIF in its pilot phase for the higher education component. Throughout the concept and preparation stages of the projects, the Bank has continued to provide many opportunities for in-depth discussions with civil society to take into account their suggestions and feedback in the design process.

Management’s Response to Specific Allegations Raised in the Request

The Requesters allege that the designs of the two projects do not resolve systemic and far-reaching failures of the Armenian education system and request the suspension and revision of the projects. Management disagrees with these allegations and points out that the Bank’s global experience shows that the improvement of education systems is gradual and demands time. Reforms usually meet resistance and controversy, face systemic barriers, and therefore require a constant process of evaluation and feedback for proper decision-making. Finland and Poland are two examples where efforts to improve education took time before initial results became evident. Indeed, Finland has systematically worked for over 40 years to make its once poorly ranked (1970) educational system one of the leaders in student achievement. Starting in 1989, Poland designed a reform, ultimately introduced in 1998, that only began to show overall improvements in educational performance by 2006, as measured by results in the Program for International Student Assessment (PISA) tests.

The Bank has supported the gradual reforms taking place in the education sector in Armenia through education projects, policy dialogue and knowledge exchange. The EQRP2 and EIP build on the reform efforts and achievements made by Armenia to date and contribute to furthering those efforts. For example, in preschool education, the EQRP2 has contributed to the increase in preschool enrollment of 5-6 year old children, from less than 30 percent in 2007 to 65 percent in the school year 2012-2013, thus improving school readiness of Armenian first graders. However, this is still far from reaching the government’s objective of 90 percent preschool enrollment by 2017. In general education, the projects have supported and will continue supporting the implementation of the 12-year general education system, including the curriculum revisions, teacher training, and student learning assessment aligned to the new 12-year system; the introduction of high schools offering specialized streams to better fit students’ academic needs; increased accountability of and information on the education system to citizens by improving data collection through systems for monitoring education system performance; and by providing continued support for the regular participation of Armenia in international large-scale student assessments (TIMSS). It is clear, however, that quality of education remains a challenge, as highlighted by the results in international assessments and
also by the perception of stakeholders in Armenia. In tertiary education, the projects have contributed to the increased integration of Armenia into the European Higher Education Area, by supporting the establishment of a quality monitoring agency (ANQA) and by contributing to the diversification of sources of funding for innovation for both public and private universities. Important challenges remain in the area of governance of higher education, but the direction of the reforms is encouraging and the support of the Bank to move in such a direction is opportune.

25. In Management’s view, waiting until all education sector issues are addressed, as suggested by the Requesters, precludes the opportunity to support progress and influence the pace and quality of that progress. For the reasons offered above, the Bank’s support through the EQRP2 and EIP and its policy dialogue with the government are of strategic importance in promoting a gradual improvement process that is taking place in the education sector in Armenia. The Bank has been informed that the government remains committed to continue with the long-term reform agenda, which was recently confirmed by the content of the Program for the Government of the Republic of Armenia submitted to Parliament on May 19, 2014.

26. On the allegations regarding the Higher Education System in Armenia

(i) Governance issues and corruption in the ANQA: The Requesters allege that “there are serious irregularities in ANQA 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.

Management disagrees with the Requesters’ claims that the Bank failed to address these problems with the Borrower to resolve them. The Bank has produced a report titled, “Addressing Governance at the Center of Higher Education Reform in Armenia” (January 2013) that has been widely consulted and disseminated in-country. This report has served as the basis for the policy dialogue with the government and other stakeholders on higher education. The report indicates that the ANQA, which was established to strengthen the national quality assurance system in Armenia, has made important achievements in a short period of time, but there are further steps to take in order to become an internationally credible quality assurance agency. In order to meet international standards, ANQA needs to address deficiencies in its governance structure through legislative action that would allow for needed changes to the composition of its Board of Trustees. It should be noted that the Program for the Government of the Republic of Armenia dated May 19, 2014 and presented for the approval of the National Assembly, states the government’s commitment towards international recognition of qualifications for joining the “European Quality Assurance Register for Higher Education” through full membership of the ANQA in the European Association for
Quality Assurance in Higher Education (ENQA). In disagreement with the Requesters, Management wishes to clarify that the Bank’s diagnostic and assessment work of the ANQA did not identify issues of corruption arising from the way it is currently organized (see Item 2 in Annex 1 for further details).

(ii) Inadequate public financing: The Requesters allege that successful reform of existing financing mechanisms, which the government has already committed to implement, will require not only effective allocation of available funding, but a substantial increase in total public funding for higher education. The Requesters assert that the CIF cannot assist in “ensuring sustainable funding system” as it does not address the declining public spending or legal framework regulating the finances of universities.

Management agrees with the Requesters on the importance of sufficient public funding for the education sector but the projects are not responsible for the government’s decisions on financing for the sector. Even though the level of public financing for education is not the Bank’s decision, 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). The 2013 higher education report indicates that public funding for higher education is limited and that increasing and diversifying higher education financing is needed. The 2011 “Public Fiscal Consolidation and Recovery in Armenia” report by the Bank makes a specific recommendation to increase spending in education, in particular, to increase non-salary recurrent spending to improve quality.

The CIF, piloted in the EQRP2 and mainstreamed in the EIP, and available for public and private universities, aims to increase the diversification of sources of funding for higher education, through a competitive and transparent process of allocating funds. The Bank’s experience of supporting these mechanisms in higher education in several projects highlights the value of CIFs in establishing diversified funding mechanisms for higher education that are demand-driven and have transparent procedures, as opposed to designating resources for narrowly defined purposes and in a top-down fashion. It also highlights the flexibility of CIFs to respond, with transparent procedures, to specific sector development needs and to reorient resources from investments in teaching facilities to improvement of curricula and the learning process. (See Items 6 and 9 in Annex 1 for more details and lessons learned on CIF in Annex 2).

(iii) Alleged overly-tight political control: According to the Requesters, “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.”

Management partly concurs with the Requesters’ assessment of the governance challenges facing higher education, as identified by the Bank in its engagement
with Armenia, and those are being tackled through Bank financed projects and education sector dialogue (see Item 4 in Annex 1 for more details). However, contrary to the Requesters’ statement, the Bank’s 2013 report did not find evidence that “further highlights systemic problems pertaining to ... widespread corruption and nepotism in the field.” Management notes that the government is currently working on the legal framework for higher education. The Program of the Government of the Republic of Armenia dated May 19, 2014 and presented for approval of the National Assembly, calls for increased autonomy of HEIs and for greater transparency and accountability in the system, while continuing to implement the integration of Armenia into the European Higher Education Area.

(iv) Alleged lack of academic freedom: The Requesters state that the alleged overly-tight political control “undermines academic independence vital for credibility and sustainability of any research and scientific endeavor.”

The projects supported by the Bank do not include components dealing with academic freedom, nor does the Bank have evidence that lack of academic freedom is a pervasive issue in higher education in Armenia. Management’s view is that the universities’ self-evaluations, promoted by the internal quality assurance units supported by the EQRP2, are useful mechanisms to monitor progress on the desired changes within universities. Management also notes that the supporting testimonies provided by the Requesters do not offer any indication or evidence that the alleged incidents stem from or are aggravated by the support granted by the Bank under the two projects (see Item 27 in Annex 1 for details).

27. On the allegations regarding Secondary Education

(i) Alleged political control of the sector by the government: The Requesters allege that “[t]he government and the ruling party (Armenian Republican Party) assert political control of the sector through control over the appointment of school principals, the composition of school governing bodies and financing mechanisms. Secondary educational institutions and their employees serve as an important administrative resource that is systematically and vastly abused for political ends during elections.”

These claims are not related to the projects in any way. Management notes that the MoES exercises its oversight role in managing the country’s public schools. In the absence of concrete evidence it is difficult to verify the Requesters’ claims that “… the ruling party (Armenian Republican Party) asserts political control over secondary education” and that “secondary educational institutions and their employees serve as an important administrative resource that is systematically and vastly abused for political ends during elections.” Similar to many education systems around the world, the MoES appoints school principals, determines the composition of school governing bodies and defines financing mechanisms (see Item 4 in Annex 1 for details).
(ii) **Weak student evaluation:** The Requesters allege that “[t]he system of student aptitude evaluation is hugely problematic in principle and provides conflicting or even mutually exclusive results for student learning and skills evaluation. It does not enjoy broad support and trust among either the public or professional educators, a fact amply demonstrated by expert interviews and research.”

**Management concurs that there is significant room for improvement in student evaluations in Armenia, while also recognizing that the government is making strides toward improving those evaluations with the help of the Bank and other donors.** In 2011, Armenia conducted a benchmarking exercise on student assessment in its different dimensions through the Bank’s System Assessment and Benchmarking for Education Results (SABER) initiative, which helps countries examine and strengthen the performance of their education systems to achieve learning for all. The benchmarking exercise identified possible next steps to further develop the different types of assessment activities (classroom assessment, national large scale assessments, international large scale assessments and examinations). The Bank, through projects, trust funds and policy dialogue, is providing support for gradual improvements in these areas, including the introduction of new forms of assessment of the learning process and of learners’ achievements, in compliance with international standards, as detailed in Annex 1, Item 17. With the support of an earlier Bank-financed project, Armenia established the Assessment and Testing Center (ATC) and has participated in all rounds of TIMSS since 2003. Additionally, national student assessments are being carried out by the ATC, albeit not regularly. Finally, under the Russian Education Aid for Development (READ) Trust Fund for Armenia, in 2013-2014 a classroom assessment course was developed for tertiary level students preparing to join the teaching profession and a cadre of instructors from various universities has been trained to deliver this course.

(iii) **Putting rural students at a disadvantage:** According to the Requesters, “[h]igh schools are largely inaccessible for students from rural areas. Hundred and two out of hundred and nine high schools are located in cities and only seven in rural areas. In rural areas there are still schools that work based on 12-year curriculum which is not designed and does not provide specialization. […] Given higher rates of poverty and vulnerability in rural areas, as well as professionally and technically lower capacities of these schools compared to urban ones, the disadvantage is much greater and the risks for further limiting access to higher education is growing higher.”

**Management is aware that general education schools in Armenia have severe infrastructure and educational equipment needs, both in rural and urban areas, and Bank engagement has supported efforts to address those needs.** While the infrastructure component of the EIP focuses on high schools, which are primarily located in urban areas, the Bank’s portfolio in Armenia is broad and covers schools all over the country, including important support for infrastructure and equipment needs of schools in rural and underserved areas, through other projects.
The Bank has already financed the rehabilitation or construction of 120 schools and provided 57,508 units of school furniture (desks, chairs, bookcases, blackboards and teachers' desks, etc.) worth US$6.12 million for 812 educational facilities in poorer communities in Armenia. This financing has focused primarily on rural and underserved areas, and has excluded from coverage the city of Yerevan and the Marz (province) centers, where most of the high schools are located. The EIP seeks to improve the infrastructure and safety conditions of 17 urban high schools and improve educational equipment in all of them. 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 (see Item 7 in Annex 1 for details).

(iv) Ineffective teacher training: The Requesters allege 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.

The support for in-service teacher training provided under the EQRP2 was aimed at leveling the field among teachers with regard to the many reforms that have taken place in Armenia in recent years, 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. An impact evaluation of Bank supported in-service teacher training for the years 2011 and 2012 showed some positive impacts in the use of interactive teaching methodology. It also identified areas that required further support for improvements (e.g., timing of the trainings, logistical arrangements and heterogeneity of teachers in the training groups). However, since 2013 and by government decision, all in-service teacher training is funded by the government and provided by the National Institute of Education (NIE) (see Item 15 in Annex 1 for more details).

(v) Lack of transparency in curricular and syllabus design, leading to gender bias and discriminatory behavior: The Requesters allege that "[c]ontent analysis of school textbooks shows that asymmetric representation of gender roles prevails. [...] Discriminatory norms and perceptions are widely promoted both in textbooks, teaching process, and teachers' attitude. [...] This is justified by further professional specialization for males and females, which does not provide a comprehensive development of individuals as specified in the standard and goal of the subject program."

The Bank has not provided support for the development of textbooks in Armenia under either of the two projects. However, independently of this allegation, the Bank is strongly committed to gender equality and gender inclusion, and will review this issue, while noting that it is outside the scope of the projects. If con-

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4 Armenia has about 1,390 public schools.
firmed, the issue will be raised with the Borrower in the context of ongoing policy
dialogue, including implementation support visits for the projects (see Item 11 in
Annex 1 for more details).

(vi) Discrimination against religious minorities: The Requesters allege that
"[d]evelopment of subject standard for the Armenian Church History is single-
handedly controlled and supervised by Armenian Apostolic Church through its
Center for Christian Education and Propaganda. During the teaching process the
doctrine of the Armenian Apostolic Church is preached. Discrimination and ill
treatment are widely practiced by both teachers and students towards religious
minorities."

The EQRP2 and the EIP do not support any links between religion and educa-
tion and the Bank strongly supports the principle of inclusive development and
equal treatment of ethnic and religious minorities. This particular situation and
the potential harm stemming from it is neither caused nor aggravated by the
Bank-supported projects (see Item 14 in Annex 1 for more details).

28. On the alleged lack of consultations

(i) 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.

Management disagrees with the assertion that feedback was ignored and main-
tains that supervision of the EQRP2 and preparation of the EIP have included
close contact and consultations with various stakeholders. During the supervi-
sion of the EQRP2, the Bank team has maintained close contact with various
stakeholders, including regular visits to schools, kindergartens and HEIs. During
preparation of the EIP, the Bank team held extensive stakeholder consultations
(students, teachers, principals, community members, HEIs, employers’ associa-
tions, among others), carried out a series of analytical studies to inform prepara-
tion, developed sound monitoring and evaluation mechanisms for tracking the
impact of previous and ongoing projects, held regular supervision missions and
maintained a continuous dialogue with the government. Four analytical reports
were prepared during 2013 and disseminated and discussed in country in May
2013. These activities were conducted in line with OP/BP 10.00, and the complete
list of consultations is included in Annex 3.

Management notes that the Bank team met with the Open Society Foundation
(OSF)—Armenia three times during the EIP’s preparation. Even though the Re-
questers are anonymous, it is important to observe that OSF-Armenia has been the
only organization to bring its concerns to the Bank’s attention. Bank representa-
tives met OSF-Armenia on the following occasions. First, the Country Manager
for Armenia met OSF-Armenia in December 2013. Then, in a visit to the Bank’s
headquarters in February 2014, OSF-Armenia met with the Bank team and pre-
sented its report on higher education during a meeting organized by the Bank’s
US Executive Director. Substantive discussion on project design ensued. Finally, as a follow up to the February 2014 meeting in Washington, the Bank team invited OSF-Armenia to continue the dialogue and learn more about its activities during a visit to Armenia in April 2014 (see details in Annex 1).

29. With regard to OP/BP 4.01 (Environmental Assessment), Management notes that the Requesters do not raise any issue pertinent to that policy. Management has reviewed the related documents that were prepared to address environmental and social impacts from the construction activities supported under the projects and found them to be consistent with the related policy.

30. With regard to OP/BP 13.05 (Supervision), Management asserts that the projects have been supervised in line with the requirements of the policy (see Annex 3).

31. With regard to OP/BP 10.00 (Investment Lending), Management asserts that the projects are “anchored in country policy/sector analysis; and reflect lessons learned from the Bank’s experience,” as required by the policy. Annex 2 gives an extensive overview of the sector work, internal reviews and evaluations of past operations that were taken into consideration in developing the projects that are the subject of this Request.

32. With regard to OP/BP 13.60 (Monitoring and Evaluation) and OP/BP 8.60 (Development Policy Lending), which are mentioned by the Requesters, Management would like to clarify that neither policy applies to the operations in question: OP/BP 13.60 establishes the requirement for results-oriented monitoring and evaluation of Bank-supported operations and strategies, including independent evaluation by the Bank’s Independent Evaluation Group, but does not include obligations at the project level. Likewise there are no issues related to OP 8.60, which governs Development Policy Operations, while both the EQR P2 and the EIP are Investment Project Finance operations.

Conclusion

33. Bank Management has carefully reviewed the issues raised by the Requesters and does not agree with the allegations of noncompliance and harm. Moreover, Management questions the eligibility of the Request. Management believes that the Bank has made every effort to apply its policies and procedures and to pursue its mission statement in the context of the projects. In Management’s view, the Bank has followed the policies and procedures applicable to the matters raised in the Request. As a result, Management believes that the Requesters’ rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.

34. Management also believes it is important to separate disagreements over project design, which are legitimate to entertain in stakeholder engagement settings, from claims of harm due to policy noncompliance. The former are normally addressed through evaluative mechanisms and not those for policy compliance. Further, as noted above, the Requesters’ claims of harm are not linked to Management’s actions, but are policy and practice disagreements the Requesters have with how the sector is managed.
35. As Management disagrees with the allegations of harm stemming from policy noncompliance, no actions to bring the projects into compliance are required. However, Management takes the opportunity provided by its own review of the issues raised in the Request to consider how relevant points made in the Request could be addressed by the Bank going forward. Such actions are geared to help the education sector in Armenia improve, which is neither related to the projects, nor intended to acknowledge any alleged harm or noncompliance. In this instance, Management proposes to further review and verify the Requesters' claim to ascertain if and where, and to what extent, gender discriminatory content exists in school textbooks. Based on that review, which is unrelated to any Bank activities, Management would consider raising this with the government with a view to encourage adapting or changing such school textbooks to include gender appropriate content.
### ANNEX 1
### CLAIMS AND RESPONSES

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<th>No.</th>
<th>Claim</th>
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| 1. | General Claim  
Our analysis indicates that the Education Quality and Relevance II Loan Program resulted in substantial harm to the Armenian education system, particularly in the areas of accountability, governance, quality, and accessibility. We [...] believe that the main directions of the Education Improvement Program in Armenia loan project are designed in such a way as not to address failures of the previous program and pose a threat of greater harm to the education system of the whole country and hence each and every one of us. | Management disagrees that the EQRP2 or the EIP has resulted in any harm, as alleged by the Requesters. There is no indication that the alleged harm is linked to the Bank-supported operations. The Requesters' representations do not portray any material deterioration or harm caused by the projects compared to the without-projects situation.  
Generally, the Request fails to specify the nature of the serious harm to the Requesters, as well as the relationship between the alleged harm and the Bank-supported program.  
Specifically, the Requesters appear to define harm as the full complement of underlying issues in the pre-existing condition of the education sector, which they view as undesirable.  
Further, the Requesters appear to believe that the projects should address all the underlying sector issues, which is an unrealistic expectation.  
While the Management acknowledges that there are many issues that present challenges to the sector's development, the projects were not designed to address all of them. The Bank typically engages to advance an agenda in a particular area. The Bank may choose to refrain from interventions when the overall sector framework is unsatisfactory or if it believes the context will not allow the project objectives to be met. The fact that the projects focus on certain areas for engagement and not others does not amount to "acts or omissions" by Bank Management in relation to a Bank policy or procedure for the purpose of the Inspection Panel Resolution.  
Hence, in Management's view the harm alleged by the Requesters represents what they see as non-coverage by the Bank-financed programs and must be viewed as unfulfilled expectations that do not represent a material deterioration compared to the without-project situation. This, however, cannot "be considered as a material adverse effect" for the purpose of the Panel Resolution.5 |
| 2. | Tertiary Education components of the WB Second Loan with described harms and bank procedure failure | Management disagrees with the Requesters' claims that the Bank failed to raise problems related to quality assurance with the Borrower in order to re- |

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<td>**Component. Establishment and Strengthening of the National Quality</td>
<td><strong>solve them.</strong> Management’s opinion is that the establishment of the</td>
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<td>Assurance System [...]**</td>
<td><strong>ANQA was an important milestone to support the development of a proper</strong></td>
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<td><strong>Harm.</strong> In our assessment (coinciding with the WB’s conclusion) the</td>
<td><strong>quality assurance system in the higher education system. Management</strong></td>
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<td>newly established institution, Armenian National Quality Assurance</td>
<td><strong>acknowledges that the ANQA faces institutional, governance, and</strong></td>
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<td>Agency allows for political control mechanisms and lack of integrity</td>
<td><strong>capacity constraints and challenges, which are being tackled through</strong></td>
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<td>in the system. It does not meet standards for independence and its</td>
<td><strong>Bank projects and sector policy dialogue.</strong></td>
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<td>scope of authority is insufficient to fulfill its mission both per</td>
<td><strong>The ANQA was established in 2008 to strengthen the national quality</strong></td>
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<td>European standards and versus its own charter. [...]</td>
<td><strong>assurance system and to pursue Armenia’s commitment to raise the</strong></td>
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<td><strong>Bank failure.</strong> The Bank failed to address the identified problems</td>
<td><strong>quality of higher education to European standards. Its main task is</strong></td>
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<td>to the borrower to resolve them. Moreover, establishment of ANQA is</td>
<td><strong>to implement “investigations, analyses, recommendations and</strong></td>
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<td>considered as a major achievement of the loan project, despite its</td>
<td><strong>evaluation in tertiary level education field.” It has developed the</strong></td>
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<td>criticism by the Bank itself. Details: ENQA principles; ANQA own</td>
<td><strong>Statute on State Accreditation of Tertiary Level Institutions and</strong></td>
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<td>mission statement have been identified by the Bank as undermining</td>
<td><strong>Academic Programs and Accreditation Criteria and Standards, which</strong></td>
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<td>the credibility of the agency.**</td>
<td><strong>defines policies, procedures, criteria, and standards for external</strong></td>
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<td><strong>quality assurance. Under the new accreditation rules, institutional</strong></td>
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<td><strong>accreditation is a mandatory process for all HEIs</strong></td>
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<td><strong>within the territory of the Republic of Armenia every five years,</strong></td>
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<td><strong>whereas program accreditation is a voluntary process carried out</strong></td>
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<td><strong>only in the case of a positive result of institutional accreditation.</strong></td>
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<td><strong>The EQRP2 supported capacity building in ANQA by financing technical</strong></td>
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<td><strong>assistance from international experts. The World Bank report titled</strong></td>
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<td><strong>“Addressing Governance at the Center of Higher Education Reforms in</strong></td>
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<td><strong>Armenia” (January 2013) was explicit in signaling that the ANQA’s</strong></td>
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<td><strong>governance structure had not yet met the requirement to become a</strong></td>
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<td><strong>full-member of the ENQA, an issue that has been noted by ENQA experts</strong></td>
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<td><strong>The Bank team maintains regular dialogue with the MoES regarding</strong></td>
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<td><strong>governance issues and has been made aware that the new Strategy for</strong></td>
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<td><strong>Higher Education which the MoES will present to the Prime Minister</strong></td>
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<td><strong>closely follows the recommendations of the Bank [and other partners]</strong></td>
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<td><strong>regarding ANQA’s governance structure. Management is pleased to</strong></td>
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<td><strong>note that the Program for the Government of the Republic of Armenia,</strong></td>
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<td><strong>dated May 19, 2014 and presented for the approval of the National</strong></td>
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<td><strong>Assembly, reiterates government’s commit-</strong></td>
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6 The ANQA currently is an associate member of the ENQA and is committed to become a full member by 2015. An independent expert evaluation by the ENQA concluded that the legislative framework governing the accreditation process in Armenia is in compliance with European standards but made two key recommendations for further improvement. First, the ANQA needs to address deficiencies in its governance structure arising from the composition of its Board of Trustees and second, experts recommend authorizing the ANQA Accreditation Committee to make the final accreditation decision.
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<td>3.</td>
<td>Component. Internal quality assurance system with policies and procedures for internal mechanisms, and establishment of QA units in universities. [...]</td>
<td>Management disagrees and notes that the harm alleged by the Requesters pertains to the current set-up of university governance, a pre-existing condition that does not result from the Bank-supported projects. The establishment of internal quality assurance (IQA) within HEIs is a crucial pillar of the European Standards and Guidelines for Quality Assurance and is key for the integration of Armenian higher education into the European Higher Education Area. The IQA units are still in the process of being established and a full assessment of their impact will be undertaken by the MoES. The EQRP2 supported this process by providing grants to institutions to establish and strengthen this function. During supervision, the Bank team observed IQA units in some universities, taking note of their strengths and challenges. These units are still in the process of being established. A full assessment of their impact will be undertaken by the MoES as part of its assessment of the effectiveness of project activities. Management agrees that the establishment of IQA units in universities is only a first step and does not constitute evidence of actual quality improvement. Nevertheless, it is an important intermediate step, and therefore, the &quot;number of public and private universities that have operational internal QA Units in place according to the new QA standards&quot; is included as an intermediate outcome indicator to track component implementation and project progress.</td>
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<td>4.</td>
<td>While quality assurance was a major component of the previous WB education project, the Central European University's Higher Education Observatory reports that higher education reforms in Armenia have not had a significant impact on the quality of teaching and learning in higher education, or on the content and substance of administrative or governance practices in the field. [...] Both the CEU's and the World Bank's own reports strongly emphasize the pernicious practice of the government directly influencing higher education governance by appoint-</td>
<td>Management partly concurs with the Requesters' assessment of the governance challenges facing higher education. Management notes that these issues were identified by the Bank, brought to the Borrower's attention and are being addressed through several Bank-supported projects. The design of the EIP was influenced by this assessment. Management disagrees with the Requesters' comments about secondary education and their arguments for conditionality-based funding. Manage-</td>
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7 Information on ENQA membership criteria can be found in: http://www.enqa.eu/index.php/enqa-agencies/membership-criteria/
The reports further highlight systemic problems pertaining to conflicts of interest in the governing of HEIs, widespread corruption, and nepotism in the field. Quality assurance reforms have been carefully controlled, designed and carried out bureaucratically in a purely top-down manner, and are therefore met with distrust if not open opposition and simply lack of understanding by most intended beneficiaries, eventually resulting in poor quality reform of higher education in Armenia.

Another significant structural problem is the overly tight political control of the sector. The reports by CEU and the World Bank indicate identical channels and means through which exaggerated and severely counterproductive control over higher education institutions is exercised. Regulatory ambiguity is consistently mentioned as a factor that allows state control over universities. Moreover, the 2002 Charter of the Ministry of Education and Science establishes that the state is nominally in control of universities despite the fact that the proportion of funds allocated to the sector by the state is very limited.

Regarding secondary education—and particularly high school development as planned by the new loan—there are equally strong arguments against the unconditional new funding. The government and the ruling party (Armenian Republican Party) assert political control of the sector through control over the appointment of school principals, the composition of school governing bodies and financing mechanisms. Secondary educational institutions and their employees serve as an important administrative resource that is systematically and vastly abused for political ends during elections.

With regard to higher education, Management notes that the governance issues raised by the Requesters are broadly consistent with the findings of the Bank's 2013 higher education report. This report identified the governance structure and regulatory framework as key to the development of overall higher education systems. It investigated how autonomy and accountability are regulated and exercised at the institutional level. It examined four dimensions of autonomy, i.e., organizational, academic, human resource, and financing, along with institutional accountability in terms of academic integrity, financial integrity, students' participation, and management administration capacity. The report revealed a number of contradictions in the existing regulatory framework and gaps between the theory and the reality of university governance. It then proposed policy reforms to strengthen the governance framework and its implementation in four areas: regulatory framework, quality assurance, financing, and capacity building.

However, contrary to the Requesters' statement, the Bank report did not “further highlight systemic problems pertaining to ... widespread corruption and nepotism in the field.”

Further, Management agrees with the importance of improving the governance of higher education in Armenia and both Bank supported projects have contributed to gradual improvement. In fact, the Bank’s overarching engagement with the government on tertiary education is precisely focused on furthering progress toward improved governance.

First, Component 2 of the ongoing project (EQRP2) has supported specific actions aimed at improving availability of higher education information (critical step to achieve integration of the system), quality assurance, and new financing models—including the pilot of the CIF.

Second, Component 2 of the new project (EIP) mainstreams the CIF after the successful pilot conducted under the previous project and sub-component 1.3 implements the information management system devel-
Finally, as noted earlier, the Bank team maintains regular contact with the MoES and notes that the new Strategy for Higher Education closely follows the recommendations of the Bank and other partners. Moreover, the recently disclosed Program for the Government of the Republic of Armenia (presented to Parliament for approval through a Decree dated May 19, 2014) calls for increased transparency and accountability and autonomy in higher education.

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<td>5.</td>
<td>Components. 2. a) Designing a sustainable strategy for public financing of HE with components of legislative changes for the implementation of the higher education financing strategy's recommendations; financing new methods and mechanisms; expansion of students' financial aid; proper pricing policy and methodology of tuition fee formation. b) Designing a competitive innovation fund to develop and implement innovative plans for modernizing their curriculum and pedagogical methods, develop ECTS, build their fund-raising capacity, create linkages with industry, and engage in international cooperation activities. <strong>Harm.</strong> Constraints in financial autonomy, control over university finances restrict universities and fragmented funding for research and modernization cannot assist in ensuring sustainable funding system, especially considering decreasing public expenditure on education. […] <strong>Bank failure.</strong> Key risks were identified with recommendations to the country government to resolve them, however no actions were taken other than &quot;closing eyes&quot; on the risks. Details: Situation with governance and funding principles was assessed as a major problem with the higher education sector. Despite own assessment, the Bank bypasses this situation and directs funding into compartmentalized sector, which given the current situation cannot soar.</td>
<td>Management notes that the alleged harm pertains to the prevailing financial constraints and control of universities, which is a pre-existing condition and does not result from the Bank-supported operations. However, Management disagrees with the Requesters' views that the Bank closed its eyes to risks and bypassed governance issues. In fact, the Bank's response to challenges in the sector was grounded on technical evidence and international best practice. The shortcomings in Armenia’s higher education sector raised in the Request were all highlighted in the Bank's 2013 higher education report. In addition, the Bank team’s approach has been based on technical evidence and on international best practice. The EQRP2 and EIP support for increased information on the education sector and for a competitive and transparent process of allocating funds to HEIs through a competitive innovation fund are key elements to improve governance in higher education. In addition, Management believes that continued engagement with the government in the education sector through entry points to address those shortcomings is a more productive approach than refraining from engaging in the sector. More than 30 innovation funds are being implemented in various parts of the world, some of them supported by the Bank. Bank experience supporting innovation funds indicates: (i) the value of establishing diversified funding mechanisms for higher education that are demand-driven and have transparent procedures, as opposed to designating resources to narrowly defined purposes and in a top-down fashion; and (ii) the flexibility of competitive funds to respond, using transparent procedures, to specific sector development needs and to reorient resources as needed, from investments</td>
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<td>6.</td>
<td>An additional obstacle to quality-based higher education is created by poor financing schemes in the field. Successful reform of existing financing mechanisms, which the government has already committed to implement, will require not only effective allocation of available funding, but a substantial increase in total public funding for higher education. In that case reforms can be expected to have a measurable impact on the quality and competitiveness of higher education. This will only be possible when there is a broad public consensus on the direction of the reforms and trust in HE governance.</td>
<td>Management agrees with the Requesters on the importance of sufficient funding for the sector. This message has been regularly brought to the attention of the government in the Bank's dialogue with both the MoES and the MoF. Armenia invests 2.6 percent of GDP in education overall, of which 0.3 percent of GDP is invested in higher education. Both amounts are very low compared to many other countries. Management agrees that the Government of Armenia should improve the allocation of financial resources to the education sector. This conclusion has been highlighted in the Bank's regular Public Expenditure Reviews and has been regularly brought to the attention of high-level officials in the MoES and MoF. The Bank's 2013 report also notes the need for increased and diversified financing for higher education. The CIF, piloted in the EQRP2 and mainstreamed in the EIP, aims to increase the diversification of sources of funding for higher education, through a competitive and transparent process of allocating funds.</td>
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<td>7.</td>
<td>Enhancing General Education Component with harms and failures for bank procedures Component 1 Enhancing the Quality of General Education Subcomponent 4. Supporting the Implementation of High School Reform. Harms: High schools are largely inaccessible for students from rural areas. Hundred and two out of hundred and nine high schools are located in cities and only seven - in rural areas. [...] In rural areas there are still schools that work based on 12-year curriculum which is not designed and does not provide specialization. [...] Given higher rates of poverty and vulnerability in rural areas, as well as professionally and technically lower capacities of these schools compared to urban ones, the disadvantage is much greater and the risks for further limiting access to higher education is growing higher.</td>
<td>The Bank is aware that schools based on 12-year curriculum in rural areas have severe infrastructure and educational equipment needs. The Bank's portfolio in Armenia is broad and covers schools in rural areas through another project. The Bank has already financed the rehabilitation or construction of 120 schools¹ and provided 57,508 units of school furniture (desks, chairs, bookcases, blackboards and teachers’ desks, etc.) worth US$6.12 million for 812 educational facilities in poorer communities in Armenia. This financing has focused primarily on rural and underserved areas, and has excluded from coverage the city of Yerevan and the Marz (province) centers, where most of the high schools are located. The EIP seeks to improve the infrastructure and safety conditions of 17 urban high schools and improve educational equipment in all of them. 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 student assessment activities.</td>
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9 Armenia has about 1,390 public schools.
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<td>8.</td>
<td>Parents' letter: 1. High schools, where our children study/studied do/did not ensure provision of quality education services. All of us have had to either apply for additional tutoring or transfer children to private schools to get better quality education and preparedness to enter universities. We believe that our children would have never gotten quality education and enter the university if they had stayed at the state high schools.</td>
<td>Management recognizes that there are still several challenges for improving the quality of general education in Armenia. The projects seek to address many of those challenges. The EQRP2 and EIP aim to raise learning outcomes through their different activities. However, private tutoring is not expected to disappear, regardless of improvements in quality, as it is caused by a high-stakes university entrance exam – the Armenia Unified Entrance Exam – which is used for university admission. The widespread use of tutoring in addition to public education is not a phenomenon that is particular to the Armenian context. Tutoring coexists with some of the best public education systems in the world (e.g., Korea and Japan). In fact, tutoring is usually prevalent in upper secondary education in countries that have competitive, high-stakes exams for university admission, which is the case in Armenia.</td>
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<td>9.</td>
<td>The existing per-capita financing mechanism does not ensure allocation of the relevant financial resources for provision of quality streaming education in high school. Students and parents still have to take private tutor classes for preparation to the final unified/admission exams.</td>
<td>Management agrees with the Requesters on the importance of sufficient funding for the sector. This message has been regularly brought to the attention of the government. The 2011 “Fiscal Consolidation and Recovery in Armenia” report by the Bank makes a specific recommendation to increase spending in education, in particular, to increase non-salary recurrent spending to improve quality. At 2.6 percent of GDP, public expenditures on education in Armenia are very low compared to most other countries. As a consequence, primary and secondary education levels are underfunded and the Bank has brought this to the attention of high-level officials in the MoES and MoF. See response in Item 6 above, which addresses a similar claim for the case of tertiary education.</td>
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| 10. | Parents’ letter 3 and 5. High schools do/did not provide for the quality streaming education that would ensure professional orientation for our children. High schools are not equipped with the necessary technical capacities and do not have proper equipped laboratories and libraries that would provide for the quality education. Computer classes are not fully accessible for children. Teachers do not use the computers during the class. We faced the situations when teachers proposed us out-of-class private tutoring of our children, which in fact was the compensation for the under-taught content in the classroom. | The poor infrastructure and lack of availability of educational equipment at high schools is a concern shared by parents, the MoES and the Bank. The EIP focuses on improving infrastructure and the availability of educational equipment for student safety and improved learning conditions. With the support of the EIP, major rehabilitation works will be conducted in 17 high schools – selected on the basis of objective criteria, see Item 19 – which do not meet Armenia’s construction and safety standards (including seismic stability). The project will also support the provision of contextualized digital learning materials, modern equipment and school furniture to all high schools in Armenia to enrich the learning environment. Teachers’ proposals to provide out-of-class private tutoring to compensate for low quality classes are unacceptable and should be reported through the appro-
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<td>Content analysis of school textbooks shows that asymmetric representation of gender roles prevails. [...] Discriminatory norms and perceptions are widely promoted both in textbooks, teaching process, and teachers' attitude. [...] This is justified by further professional specialization for males and females, which does not provide a comprehensive development of individuals as specified in the standard and goal of the subject program.</td>
<td>The Bank has not provided support or advice for the development of textbooks or the financing of textbooks. Hence, neither of the Bank supported projects is responsible for the cited contents in textbooks. However, the Bank is strongly committed to gender equality and gender inclusion, and believes that progress toward gender equality is a prerequisite to ending extreme poverty and boosting shared prosperity (<a href="http://www.worldbank.org/en/topic/gender">http://www.worldbank.org/en/topic/gender</a>). Management strongly supports gender sensitive education in all of its dimensions, and intends to further review and verify the Requesters' claim to ascertain if and where, and to what extent, gender discriminatory content exists in school textbooks. If confirmed, the issue will be raised with the Borrower in the context of ongoing policy dialogue, including implementation support visits for the projects. With regard to other aspects of reform related to quality, the EQR2 invested in the establishment of resource centers (libraries, computer labs, books and teaching materials) in each high school as well as training of librarians and teachers. The EIP is designed to support improvements in teaching and learning conditions through: (i) further curriculum revisions in general education by investing in technical assistance (working groups composed of subject experts, school teachers, university professors, and experts from the NIE) and consultative workshops; it is envisaged that these consultative workshops will enable collection of direct feedback from all key stakeholders over the entire period of project implementation; and (ii) provision of contextualized digital learning materials, modern equipment and school furniture to be used in classrooms in all high schools in Armenia, including training of teachers on using modern teaching methodologies and digital learning materials in the classrooms.</td>
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<td>12.</td>
<td>Parents' letter 4. The textbooks and teaching are/were of low quality. Some of textbooks, like Social Science textbooks for 9 to 11 grades, include discriminative norms and are gender insensitive. For example, in the 10th grade textbook the hypothesis of psychologist U.F.Harley is given according to which there are five basic needs of men and women, fulfillment of which guarantees stability of marriage, while dissatisfaction of those needs may lead to the conflict and even to divorce. 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</td>
<td>See response in Item 11. above. Management acknowledges that this is a valid and important issue. As indicated above, the Bank is strongly committed to gender equality and gender inclusion, and stands ready to further engage on this issue in its dialogue with the MoES. In addition, the envisaged curriculum revisions to be supported under the EIP provide a valuable opportunity to revisit textbook content issues, as textbooks will need to be aligned with the revised curriculum. Moreover, as detailed in its Project Appraisal Document, the EIP will promote gender sensitivity and prioritize the inclusion of women, the poor, the disabled and other vulnerable groups across all project activities, including project consult-</td>
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and devotion to family. The textbook and teaching process do not provide children with opportunity to discuss and argue these statements. Hence there is real risk that children may accept them as norm and apply later in life. Another example from the same textbook says that "the societies, such as western ones, where women are fully involved in social life, turn to have a significant decrease in birth rate". Children can take the statement as granted and think that the only mission of women is to ensure population growth, thus making her reproductive function a priority in contrast to women's wish to become a fully integrated member of society.

13. The failures of previous standard development have already resulted in gender biased content of education materials and incompliance of civic education with human rights standards and Toledo principles. Along with gender insensitive content and the constant messaging of traditional gender stereotypes, the teacher's deeply biased attitude is particularly damaging for developing the notion of gender equality in youth during their formative years. The level of bias is well demonstrated in a survey on gender socialization among teachers according to which a majority of teachers strive to instill docility and modesty in girls and leadership in boys. Equally troubling is their statement that the educational benchmarks they presume for boys and girls are different with the boys being held to higher standards, with a justification that they need education more than girls. This is in a country where the number of women with higher education has been greater than men for decades and women in technical and scientific specialties constituted almost half of workforce as recently as ten years ago.

14. Development of subject standard for the Armenian Church History is singlehandedly controlled and supervised by Armenian Apostolic Church through its Center for Christian Education and Propaganda. During the teaching process the doctrine of the Armenian Apostolic Church is preached. Discrimination and ill treatment are widely practiced by both teachers and students towards religious minorities.

15. Substantial part of EQRP2 was aimed at the professional development and in-service teachers' trainings. Initial stated aim of the teachers' professional development was the increased quality of education, capabilities and other mechanisms for stakeholder engagement. Direct consultation with beneficiaries, their representatives and other stakeholders throughout project implementation will provide an opportunity to engage in discussions on gender issues and gender biases or barriers. These consultations will also provide an opportunity for any group or individual to voice their concerns on textbooks and on aligning textbooks to the revised curriculum. Finally, the EIP will ensure that it monitors its gender impact, and the project results framework includes gender-disaggregated indicators on school readiness, preschool enrollment and high school attendance.

The EQRP2 and the EIP do not support any links between religion and education and the Bank strongly supports the principle of inclusive development. This particular situation and the potential harm stemming from it is neither caused by nor aggravated by the Bank-supported projects.

The Bank does not support exclusion of any minority group and would encourage anyone affected by discrimination or ill treatment towards religious minorities (or any minority group) to bring forward cases to the appropriate channels within the MoES or to the office of the Human Rights Defender (Ombudsman) of the Republic of Armenia.

Management disagrees with the Requesters' assessment of the teacher training.

Support provided under the EQRP2 with respect to in-service teacher training was aimed at leveling the field.
Armenia

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<td>bility of using ICT technologies and e-content during the teaching</td>
<td>with regard to many of the reforms that have taken place in recent years. An impact evaluation has shown some improvement in the application of interactive teaching methods as well as areas that require further support for gradual improvement. The EQR2 has also supported professional development at the school level through grants provided by the Union of School Centers. However, since 2013 and by government decision, all in-service teacher training is funded by the government and provided by the NIE.</td>
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<td>process. However, the trainings conducted based on unified content</td>
<td>The teacher professional development trainings for certification were provided to 5,925 teachers (about 14.6 percent of all teachers) in 2011 and 6,241 teachers (about 15 percent of all teachers) in 2012. The training content was modular-based, emphasizing both subject matter content and pedagogy as well as ICT skills and educational legislation. An impact evaluation of teacher training programs was undertaken under the project in 2011 and 2012. According to the evaluation, there has been some improvement in terms of teaching practices: 94.3 percent of teachers in 2011 and 93.4 percent of teachers in 2012 spend most of their class time using interactive methods; however, only 57.75 percent (2011) and 63.2 percent (2012) of the teachers applied those methods during group work classes. Management is also aware of some of the weaknesses in the trainings offered, related to the timing of training, logistical arrangements and the heterogeneity of teachers in the training group. The government is well-informed about both the strengths and weaknesses of the training and has the opportunity to take these into account in future training provided by the NIE.</td>
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<td>and format, which was not efficient as teachers' professional and</td>
<td>The EQR2 also provided support for the development of a national system for teacher professional development as well as for a shift in focus from in-service training of individual teachers to supporting school improvement as a collective process of change. In this regard, the work under the project supported the following: (i) modernization of the teacher policy framework through the development of new policies regarding recruitment/evaluation and promotion of teachers; amendments were made to the law on General Education (Article 26) introducing new teachers' certification and training regulations in October 2011 and the respective normative documents for the implementation of the attestation process were developed; and (ii) Establishment of the Union of School Centers to provide grants to schools for professional development purposes, networking, development of new educational materials, introduction and dissemination of good practice and innovation programs.</td>
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<td>16.</td>
<td>[from parental authorization letter] 4. We all bear the harms that result from professionally unqualified teachers, their discriminatory attitudes and practices towards school children, unawareness of and incompetence in applying innovative teaching methods in classrooms. Some of the teachers in our schools do/did not take any action to promote interest of our children in particular subjects (e.g. physics) which resulted in zero motivation among children to study that subject.</td>
<td>These issues do not stem from the EQRP2 or the EIP but are rather part of the existing challenges in the sector that must be addressed. Nonetheless, the Bank shares the concerns regarding the negative impacts of professionally unqualified teachers and discriminatory teaching. In fact and as explained above, the EQRP2 has promoted pre-service and in-service training activities aimed at improving the quality of teaching in the country.</td>
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<td>17.</td>
<td>The system of student aptitude evaluation is hugely problematic in principle and provides conflicting or even mutually exclusive results for student learning and skills evaluation. It does not enjoy broad support and trust among either the public or professional educators, a fact amply demonstrated by expert interviews and re-search.</td>
<td>Armenia is making strides in improving student evaluation, although it still has some way to go. The Bank, through projects and trust funds, is providing support for gradual improvement and introduction of new forms of assessment of the learning process and of learners' achievements in compliance with international standards. Through its efforts and investments, Armenia has gradually established the foundations for a comprehensive student assessment system, including formative assessments, summative assessments, examinations, and national and international large-scale assessments. In 2011, Armenia conducted a benchmarking exercise on student assessment through the Bank’s SABER initiative, which helps countries examine and strengthen the performance of their education systems to achieve learning for all. Armenia’s student assessment system was identified as “advanced” (highest) for classroom assessment; “established” for examinations; “emerging” for national large-scale assessment; and “established” for international large-scale assessment. The benchmarking exercise identified possible next steps to further develop the different types of assessment activities. These steps have received support through the EQRP2 and a READ–Armenia grant, while the EIP may fund the participation of Armenia in the international student assessment, TIMSS 2015 (currently TIMSS 2015 is in the MoES budget). Many challenges remain to maximize the effectiveness of the system and ensure it best serves society. Meeting these challenges will require the engagement and action not only of the Assessment and Testing Center, the creation of which was supported by the EQRP2, but also of policy makers and the broader community of educational practitioners. None of these challenges are unique to Armenia and the country can learn from the experience of other countries through dialogue and exchange of experiences facilitated by the Bank.</td>
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<td>18.</td>
<td>Bank failures. Bank failed in setting proper monitoring and self-evaluation indicators for EQRP2 and relied on the borrower’s M&amp;E system (OP 13.60, OP 8.60).</td>
<td>Management believes that there are no issues related to OP 13.60 or OP 8.60. OP 13.60 establishes the requirement for results-</td>
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<td>point 4.) and reporting. Irrelevant baseline data were considered for measuring the progress of EQRP2. The factual challenges of the high school reform were not taken into account during the development stage of the new Education Improvement Project (PI30182), while the Bank Procedure, defines that &quot;During appraisal, the task team assesses the adequacy of the proposed program to achieve its stated objectives.&quot; (BP 8.60, point 6). The beneficiary and public feedback was ignored both during the implementation, monitoring and assessment of the EQRP2 results and development of new Education Improvement Project, while according to the procedure (OP13.60) in addition to working with borrower, the Bank should &quot;work with other development partners to agree on the results expected from development activities and to harmonize the monitoring, reporting, and evaluation requirements&quot;.</td>
<td>oriented monitoring and evaluation of Bank-supported operations and strategies, including independent evaluation by the Bank’s Independent Evaluation Group, but does not include obligations at the project level. Likewise there are no issues related to OP 8.60, which governs Development Policy Operations; the EQRP2 and the EIP are both Investment Project Finance operations. Independently of this point, Management believes that the projects have appropriate monitoring mechanisms in place. They include: (i) a short term consultant (under a contract of 150 days per fiscal year) to follow up on project activities and to carry out regular in-country dialogue; (ii) regular visits by the Task Team Leader to the country given the scope of the education portfolio; (iii) Implementation Supervision Reports that are filed at least once per year; (iv) the EQRP2 results framework, which is updated and monitored at least once a year; and (v) missions that are followed by Management letters to high level officials in the government: Minister of Education and Science; Minister of Finance; Minister of Economy; Deputy Ministers; and Head of Project Implementation Unit (PIU).</td>
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<td>EIP</td>
<td>19. By not addressing systemic problems and clearly identify these failures the new loan threatens to exacerbate these and make the situation irreversible given the vast amounts that are supposed to be spent under the flawed premise of reform. While further development of the high school system is stated as a priority in the new loan, it is limited to the physical refurbishment of a limited number of high schools (17 out of the existing 102) and will not address the issue of quality and accessibility of high schools. Education standards, curricula and the entire system of high school are considered as deeply problematic by both the public and the education community. The curricula and education standards and teachers’ professional capacity are of particular concern. [...] The process by which the standards, the curricula and syllabus are reformed needs to become open and transparent; the benchmarks must exclude the possibility of propaganda of gender bias and discriminatory behaviors. Yet, there is no such guarantee as the same process that had created the problems is supported through the new loan.</td>
<td>Management disagrees that EIP does not address systemic problems and risks exacerbating their adverse effects. To the contrary, the EIP will contribute to the gradual improvement of educational quality in high schools in Armenia. The EIP does not intend to tackle or fully resolve all challenges of upper secondary education; however, it does intend to notably improve the educational environment and materials for many students. Specifically, around 10,200 high school students will benefit from the refurbished buildings and over 56,000 high school students will benefit from the upgraded educational equipment. More specifically, the EIP will support secondary education (high schools), through sub-component 1.2, which will provide enrichment for all 107 high schools in Armenia (specifically, the project will provide contextualized learning materials, modern equipment for teaching/learning, and updated furniture) and will rehabilitate and refurbish the facilities of 17 high schools housed in old and dilapidated buildings. The selection of the 17 high schools to be refurbished with the EIP funds was transparent (see criteria on page 29 of the Project Appraisal Document); the aim is one of safety, as the buildings to be refurbished have heating and humidity problems and are seismically unfit.</td>
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<td>20.</td>
<td>We believe the new financing in its current scope and form does not properly account for the vast governance and accountability problems in Armenia’s education sector and would exacerbate the harm caused by the previous loan rather than improve the quality of and access to education in Armenia. We believe any new loan needs to take into account the problems with the previous loan program. Simultaneously in view of existing governance inadequacies demonstrated in dubious and conflicting legislative and regulatory frameworks and numerous obvious conflicts of interests (institutional, not personal) at the highest levels of governance, certain preconditions need to be established to satisfy minimal accountability standards before the World Bank moves forward with any new financing. The fact that the World Bank unconditionally approved the new program is particularly surprising given that the Bank’s own assessment of the previous project concluded that in Armenia there are vast and systemic problems with education governance that hamper any potential for improvement. The World Bank’s assessment alone, even without other credible supporting research commissioned by OSF Armenia, provided conclusive evidence that the objectives of the previous financing had not been achieved and that these failures posed risks for further improvement. In general, both the World Bank’s and above noted outside researchers identified the main systemic problems that caused stagnation of the reform process and degradation of the quality and equity of the tertiary education system, including its key aspects -</td>
<td>The Bank’s assessment is that postponing the EIP project would cause a greater harm to citizens, as the project supports a wide range of needed activities from preschool to tertiary education. In addressing the shortcomings in higher education governance, the Bank team faced two options: (i) postpone the engagement with MoES until it addresses the higher education governance issues; or (ii) continue the engagement to attain gradual improvements. The team opted for the latter. At the same time the team acted on two fronts. First, and based on international experience, the project is financing activities that are aimed at improving governance, namely support for increased information to make the education system accountable, along with support for the CIF. Second, the Bank has maintained an ongoing dialogue on higher education governance with the MoES and stakeholders. Examples include the one day event to disseminate the Bank’s 2013 higher education report (the first time that such issues were the subject of open discussion in Armenia) in May 2013. The seminar and workshop was attended by over 100 stakeholders from HEIs and in-</td>
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<td>learning and teaching, research, relevance to the economy, relevance to the needs of a democratic society and sustainability. These flaws are: poor governance and quality assurance, inadequate financing and overly-tight political control and a resultant lack of academic freedom. It is our contention that without a serious effort to address these problems in advance the World Bank’s plan to support research through selected university grants will not contribute to improving Armenian universities’ research capabilities or their sustainability (from either the financial or credibility points of view), development or contribution to industry and the labor market.</td>
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<td>included a session in which the stakeholders discussed their recommendations to improve governance in higher education in Armenia. As a follow up activity, the Bank has secured funds in Fiscal Year (FY)15 to continue the technical work and dialogue on higher education governance.</td>
</tr>
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</table>

**Suggestions to the Bank by the Requesters**

21. Suspend implementation of the newly approved financing for education. Initiate thorough revision of the project with genuine involvement of local education community, public policy experts in design and consultation process.

**Response**

*Management does not agree that fully resolving the issues should be a precondition or conditionality for further engagement in the sector, contrary to the wishes and desires of the Requesters.*

Management notes that these suggestions were previously conveyed to the Bank by the Executive Director of the OSF-Armenia, in a letter to the Bank’s Country Manager dated December 9, 2013. During its interactions with OSF-Armenia, the Bank acknowledged the governance and legal challenges facing higher education, as noted in the Bank’s 2013 higher education report. This report was widely discussed and publicized in the country. The Bank further drew the attention of the government to these issues within the framework of its ongoing policy dialogue.

Management notes that the government is currently working on the legal framework for higher education.

Management disagrees with the Requesters on the alleged lack of consultations and involvement of key stakeholders in the design of the EIP.

During project preparation the Bank team held extensive consultations with various stakeholders (students, teachers, principals, community members, HEIs, employers’ associations, among others) to inform project design (see Annex 3). The team carried out a series of analytical studies to inform preparation, developed sound monitoring and evaluation mechanisms for tracking the impact of previous and ongoing projects, held regular supervision missions and kept a continuous dialogue with the government. Furthermore, the EIP envisions strong stakeholder participation in project monitoring and supervision activities through mechanisms such as online surveys, social media applications and the project website.

22. Condition the WB support upon elimination of conflict of interest, government representation and political control in higher education governance through

**Response**

*It is not the Bank’s role or mandate to call for resignations of government officials from public bodies/entities in member states.*
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<td>resignations of high ranking officials (i.e. the president, the prime minister, etc.) from university governing boards, establishment of periodic public reporting mechanisms and separation of political and educational spheres via internal university regulations.</td>
<td>The Bank opted for remaining as a partner with some influence rather than standing on the sidelines inactive. See Item 20 above for more details and the rationale for this strategic choice.</td>
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<td>Use clearly defined conditionality tools while working with the Armenian Government. The main conditionality tool in the given context is the reform of the legislative framework to the effect of guaranteeing freedom and independence of HEIs in accordance with the requirements of Armenian Constitution and the Law on Education. Particular legal norms include: SNCO law that allows exercise of undue executive control over university financial management, university board governance and management, government Decree that allows appointment of political figures and government officials as board chairs and majority representation in the university governance.</td>
<td>The Bank has a broad engagement in Armenia that covers many sectors and includes different aspects, such as strategic dialogue, lending and analytical reports. The use of conditionality is thus carefully considered as part of the overall country program. As indicated above, the Bank team has acted on two fronts: first, by including in the EIP activities aimed at gradually improving governance; and second, by maintaining an ongoing dialogue on higher education governance with the MoES and stakeholders. As part of this dialogue, the MoES has indicated that a new draft Strategy for Higher Education in Armenia, which includes a specific chapter on governance, is being prepared during 2014. This strategy addresses many of the conflict of interest issues raised in the Bank’s report. The Program for the Government of the Republic of Armenia calls for broadening the autonomy of HEIs by introducing transparency and accountability instruments.</td>
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<td>In addition to institutional enhancement of internal quality assurance, address internal quality improvement in practice based on clear measurement tools, such as number of internationally competitive research projects and research outcomes by the faculty and students, random sampling of academic papers written by faculty and students and checking of those against criteria of academic honesty, practice of academic freedoms, continuous and holistic plan of the training of faculty and staff, etc.</td>
<td>Management agrees with the Requesters. The EIP will support efforts of the MoES to improve data-collection and monitoring of education system performance. The general EMIS and the TEMIS will be integrated in a common platform for increased access to information and accountability. This information system will serve as the basis for the University Ranking System that the MoES is currently developing.</td>
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<td>In consultation with a wide scope of beneficiaries design quality measurement tools of specialized high school staff, its professional capacity, school facilities, and access to high schools in support of high school reform. Design further WB support to high school reform based on the measurement.</td>
<td>The Bank team recognizes that high schools face many challenges; the design of the EIP aims at improving the quality of the education provided in high schools. Subcomponent 1.2 of the EIP on enrichment of high schools was included to give a response to the concerns voiced by parents in the consultations and by MoES in relation to the poor infrastructure and equipment available in the high schools. A needs assessment of all 107 high schools was carried out by the MoES to be used for investment planning and for dialogue with international organizations on funding needed civil works. The selection of the high schools was based on an index of infrastructure needs in which the structure and foundation, roof, floor, walls, and heating and electrical systems accounted for most of the weight in the index. The index gave a higher score to older schools,</td>
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<td>26.</td>
<td>Prior to deciding main directions of WB support, create a platform where wide circles of beneficiaries will come to reflect upon the directions and means of reform implementation consecutively contributing to the popularization of the education reform agenda itself.</td>
<td>Management disagrees. The complete list of consultations is included in Annex 3. See also Item 21.</td>
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</table>
| 27. | Case studies:  
Case 1: The case shows lack of academic independence for credibility and sustainability of research, censorship of research and politicization in academia.  
Case 2: The case is illustrative of lack of academic freedom in research, irregular mechanisms of research within universities, political control and violation of secularity of university.  
Case 3: This case demonstrates that due to dubious legislative field executive control over universities is made possible | The individual testimonies (referred to as “case studies”) presented in the Request which seek to present anecdotal support for the governance issues in the education system in Armenia as seen by the Requesters do not offer any reasonable indication or evidence that the alleged incidents stem from the support granted under the two projects, or that they are related to the projects in any way.  
Case 1: Management is not in a position to confirm or refute the due process of the cited decision. However, it is not clear how the two Bank-supported operations could be related to the individual decisions of professors or faculties regarding the acceptance or refusal of a proposed Ph.D. thesis topic.  
Case 2: Management is not in a position to confirm or refute the due process of the cited decision. However, as the case study explains, the dispute that took place focused on different faculties’ views and the examination board let the candidate fail. Again, it is not clear how the two Bank-supported operations could be related to these individual decisions of professors or faculties regarding the acceptance or refusal of a Ph.D. thesis.  
Case 3: Management is not in a position to confirm or refute the due process of the cited decision. However, the testimony confirms that the cited dismissal of the Rector was possible due to stipulations of existing laws, and not caused or supported by the Bank-supported projects. |
| 28. | Contact with the World Bank  
We presented our facts and analyses to senior World Bank staff in both Yerevan and in Washington DC. Meeting with […] the Country Director, World Bank Armenia office in November 2013. Official corre- | Since the Requesters have asked that their identity be kept as confidential, Management has no means of verifying the cited prior contact.  
At the same time, Management notes that the meet- |
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<td>29.</td>
<td>On OP/BP 4.01</td>
<td><strong>Management notes that the Requesters do not raise any issue pertinent to this policy.</strong> Management has reviewed the related documents that were prepared to address environmental and social impacts from the construction activities supported under the project and found them to be consistent with the related policy. The draft of the Environmental and Social Management Framework (ESMF) for the EIP was disclosed in-country on December 4, 2013 in Armenian and English. The ESMF was posted on the web site of the MoES, including the announcement of public consultation date, time and venue.(^{10}) A public consultation meeting on the draft ESMF was held in Yerevan on December 10, 2013. The ESMF was then finalized and re-disclosed in-country and through the InfoShop (on December 11, 2013). Site-specific Environmental Management Plans (EMPs), once drafted, will also be disclosed nationwide, with special emphasis on their accessibility to project-</td>
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\(^{10}\) The link to the Ministry’s web site is: [http://edu.am/index.php?id=-6432&topMenu=4&menu1=-1&menu2=4&arch=0](http://edu.am/index.php?id=-6432&topMenu=4&menu1=-1&menu2=4&arch=0).
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<td>30.</td>
<td>On OP/BP 10.00 (specifically on lessons learned and consultations).</td>
<td>Lessons from previous Bank projects were considered in the design of the EIP. The design of the EIP has benefited from the following key aspects: (i) lessons learned from previous Bank supported education projects in Armenia as formally documented in their ICRs; (ii) the implementation experience gained as part of the ongoing EQRP2 in Armenia, the successful elements of which were integrated into the EIP’s design; (iii) lessons learned from international experience and best practices supported by the corresponding literature and evidence from the implementation of Bank education projects in different parts of the world; and (iv) analytic work and stakeholder consultations undertaken by the Bank. Annex 2 documents in greater detail the key lessons, studies and processes underpinning the EIP’s design.</td>
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Annex 2
Lessons from Previous Bank Projects Considered in the Design of the EIP

The table below details the key lessons, studies and processes underpinning the EIP’s design.

<table>
<thead>
<tr>
<th>Sources of the Lessons</th>
<th>Consideration under the Project</th>
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<tr>
<td>A. ICR lessons from previous projects in Armenia</td>
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<tr>
<td>1. Despite changes of Ministers, continuity and commitment of senior level Ministry officials during the project’s life are the key to smooth project implementation, and therefore to overall project success.</td>
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<td>2. Achieving public consensus on reform issues by sharing with the public the work accomplished and conducting open discussions on issues affecting beneficiaries are essential for building ownership and commitment to reforms and developing the culture of accountability. In particular, when big changes are expected.</td>
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<td>3. Good analytical work to inform project design, competent technical assistance as well as envisaging adequate time for the education system to accept changes and innovations (and for preparing it for the changes) at the initial stage are crucial when fundamental reforms are expected.</td>
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<td>4. Providing continuous guidance in the context of</td>
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<tr>
<td>1. There has been a continuity of key actors at both the MoES and the PIU level.</td>
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<td>2. The Bank team and the MoES held extensive consultations and discussions with key stakeholders during project preparation.</td>
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<td>On the Bank’s side, these included (i) extensive consultations with various stakeholders during preparation visits (students, teachers, principals, community members, HEIs, employers’ associations, among others); and (ii) dissemination workshops on the analytical products delivered in FY13 and used to inform project design and dialogue with the MoES and with stakeholders.</td>
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<td>On the side of the MoES, these included several consultations during the preparation of the social assessment in the areas of: (i) preschool; (ii) high school reforms; and (iii) process assessment of the pilot CIF. In addition, the Environmental and Social Management Framework was developed, disseminated and consulted in country prior to the disclosure in the Bank’s InfoShop.</td>
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<td>3. Four analytical reports were launched in FY13 and delivered in FY14 as background analysis for the new project. These included: (i) analysis of higher education governance; (ii) case study on linking higher education and human capital needs in a priority industry; (iii) assessment of early childhood development in Armenia; and (iv) review of the quality of the general education review. The reports were disseminated and discussed in country in May 2013. Over 100 stakeholders were consulted on the findings and policy options arising from the reports during the two-day dissemination event.</td>
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<tr>
<td>4. The Bank team has held regular implementation support visits and kept a continuous dialogue with</td>
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**Sources of the Lessons**

An ambitious reform agenda is essential. IDA supervision must be continuous and intensive. Proactive and timely monitoring and support by the Bank team are crucial for project success.

5. In order to get a “story behind the numbers,” projects should include an impact evaluation or at least an independent assessment of outcome indicators to evaluate the quality of training provided by the project, behavioral changes of teachers and effective use of technology.

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**Consideration under the Project**

the MoES during FY13 and FY14.

5. Rigorous evaluation studies under the ongoing project have been contracted by the MoES: (i) Quantitative and Qualitative Assessment to evaluate the impact of the preschool component on the Education Development Index (EDI) of project beneficiaries vis-a-vis a control group. Results indicate a positive and statistically significant impact on EDI for the project’s beneficiaries as compared to the control group; and (ii) Quality Assessment of Teacher Training Providers. Regardless of the evaluation results, which showed heterogeneity in the quality of training provided, in 2013 the MoES adopted a new policy requiring that all teacher training needs to be undertaken by the NIE and 20 percent of teachers need to go through mandatory training every year (so that 100 percent of teachers are trained over a 5 year period). Finally, regular information on usage of technology for education purposes is monitored through intranet usage (all schools in Armenia are now connected to intranet) and regularly assessed by inspectors in their visits to schools.

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**B. Lessons from the ongoing project**

1. Rigorous evaluation studies undertaken under the ongoing project show the important positive impact of preschool services on school readiness, as measured by the Early Development Index of children in the project’s supported preschools as compared with students with no preschool experience.

2. Under the EQRP2, a pilot application of a Competitive Innovation Fund (CIF) was undertaken. A process assessment of the CIF was conducted as it is too early to assess the actual impact of the grants. The study revealed a relative shortage in competencies in higher education institutions to produce quality proposals for the CIF.

3. Objectivity, impartiality and transparency of the selection criteria and processes are prerequisites for allocation of grants for preschool subprojects and CIF, and are essential for the schemes to be credible. Awareness campaigns and relevant training ahead of time (and throughout) are also necessary. Finally, building procurement and financial management capacities at the grant beneficiary level are also critical as cumbersome procurement arrangements can stall the implementation of preschool subprojects and innovation funds.

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1. The EIP will continue the emphasis on school readiness of Armenian children through supporting increases in both access and quality of preschool education in poorer communities.

2. The lessons learned from the CIF process assessment are being incorporated into the Project Operational Manual (POM) before proceeding to mainstream the CIF under the EIP. In particular, the POM will incorporate under the EIP the provision of technical assistance and training to the academic community, in particular to smaller institutions, to assist with drafting proposals for the CIF. The POM is an effectiveness condition for the EIP.

3. The Bank team has discussed and provided technical and fiduciary advice on the respective chapters of the Project Operational Manual covering preschool and CIF grants.
Sources of the Lessons

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<th>Consideration under the Project</th>
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<td>4. Lack of reliable and timely information can hamper policy makers' role in fostering the development of a relevant and cost-effective education sector; it can also mislead families and students and reduce accountability of schools and teachers to citizens.</td>
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<tr>
<td>4. The EIP will support the efforts of the MoES to improve data-collection and monitoring of education system performance, while integrating into a common platform the general EMIS and the TEMIS for increased access to information and accountability.</td>
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C. Lessons from International Experience

1. Preschool Education: Worldwide evidence documents the significant impact of quality preschool education on children’s school readiness and on their capacity to become productive citizens. Furthermore, investments in the early years (i.e., up to the age of six) are deemed to be the most cost-effective a government can make in the education of its people. Lack of access to preschool has been internationally documented as detrimental to children’s capacity to learn in Grade 1 and beyond, to transition successfully from one grade to another, to complete their education and to eventually become fully contributing and productive members of society.1

2. Impact of improvements in the learning environment on student learning: Glewwe et al conducted a literature review followed by a meta-analysis study (based on 79 studies) of the relationship between school resources and test scores. Bramham studied over 200 schools in the Houston Independent School District and Cuypers et al analyzed the impact of school infrastructure on the well-being of students in Flemish secondary schools. It is important to underscore the fact that the evidence available is drawn mainly from regions whose needs may differ from those of Armenia in substantive ways. However, the overall assessment from this literature is that regardless of the region, improving infrastructure would lead to better learning outcomes by strengthening the motivation of teachers and students and reducing absenteeism.12

1 References on preschool education:

12 References on impacts of learning environment on student learning:
3. Competitive Innovation Funds. More than 30 innovation funds are being used in various parts of the world. International experience suggests that innovation funds are highly effective mechanisms for improving transparency and efficiency of the budget allocation for tertiary education, for boosting educational quality, relevance and innovation within tertiary institutions, and for improving governance in higher education.

The Bank has supported higher education systems through introducing CIF in several countries. The Bangladesh Higher Education Quality Enhancement Project (P106216), the Chile Higher Education Improvement Project (P055481) and the Tertiary Education Finance for Results project (P088498); the Cambodia Higher Education Quality and Capacity Improvement Project (P10605) and the Ghana Skills and Technology Development Project (P118112) are some of the examples. The experience accumulated in the Bank indicates (i) the value of establishing diversified funding mechanisms for higher education that are demand-driven and have transparent procedures, as opposed to designating resources to narrowly defined purposes and in a top-down fashion; and (ii) the flexibility of competitive funds to respond, with transparent procedures, to specific sector development needs and to reorient resources from investments in teaching facilities to improvement of curricula and the learning process.13

D. Recommendations from Analytical Studies:

The design of the new education project was informed by the following analytical studies delivered in FY13: (i) analysis of higher education governance; (ii) case study on linking higher education and human capital needs in a priority industry; (iii) assessment of early childhood development in Armenia; and (iv) review of the quality of general education.

The recommendations arising from the higher education governance report of: diversifying higher education financing, building system-wide and institutional capacity, and establishing a diversified, integrated tertiary education system were addressed by the CIF. The international evidence suggests that the CIF can be a successful bottom-up catalyst to incentivize HEIs, even when the overall system governance is still weak. At the same time, through one of the funding windows, the CIF can be used to foster a closer link with a priority industry as recommended by one of the analytical studies.

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13 References on CIF in higher education:


**Sources of the Lessons**

The main recommendations arising from the higher education governance report included: (i) diversifying higher education financing; (ii) building system-wide and institutional capacity; (iii) establishing a diversified, integrated tertiary education system; (iv) strengthening the country's quality assurance system; and (v) overhauling the regulatory framework for higher education.

**Consideration under the Project**

Two recommendations from the higher education governance report were not included in the EIP. First, the recommendation on strengthening Armenia's Quality Assurance system was not included in the new project as the remaining required changes in ANQA governance structure are of legislative nature and without a clear role for the Bank. Second, the regulatory reform on higher education recommendation was not included in the EIP as the government is currently designing a draft strategy on higher education, which still needs to be discussed and agreed with multiple stakeholders. The Bank team also believes that the CIF's design will foster and model governance and financing that may facilitate the decision making on the strategy.

The recommendations arising from the Early Childhood Development assessment regarding continuing the support to the expansion of the coverage of the one year National School Readiness Program and revising the requirements of contributions from poor communities for preschool expansion were incorporated in the EIP.

Finally, recommendations arising from the analysis of quality of general education review and the need to strengthen student learning assessment systems were incorporated in the support to assessment activities that the Bank is providing under the Armenia READ program. Notwithstanding, the EIP does consider the funding of the application of the international student assessment TIMSS 2015 to increase public information (and accountability to citizens) on student learning in Armenia.
Annex 3
Consultations and Due Diligence

Consultations in Preparation of EIP

During preparation the MoES prepared the following reports as part of the Social Assessment. Extensive stakeholder consultations were conducted during their elaboration:

<table>
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<tr>
<th>Report</th>
<th>Consultations with</th>
<th>Reports and Timing of Consultations</th>
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| Evaluation of the CIF pilot phase mechanisms                          | - Interviews with CIF applicants (state and non-state HEIs): 5 selected projects and 4 non selected projects.  
- Interviews with CIF Secretariat.  
- Interviews with CIF Decision Making Body.                           | September – November 2013                                                             |
| CIF evaluation report_final (1)_For_                                 |                                                                                     |                                             |
| [Deliberative document available in the project files.]               |                                                                                     |                                             |
| School Readiness Enhancement program (preschools)                     | - 8 focus groups with heads of the communities and with parents.  
- 9 in-depth interviews with preschool principals and teachers.       | October – November 2013                                                                |
| Report_preschool_eng.doc                                            |                                                                                     |                                             |
| [Deliberative document available in the project files.]               |                                                                                     |                                             |
| Current Situation of High School Reforms in Armenia                  | - 4 focus groups with students, parents, school principals and teachers.  
- 29 expert interviews with high school directors (10), high school teachers (12), and representatives of the national and subnational level (7). | October – November 2013                                                                |
| Report_High_Schools_Eng-final.doc                                    |                                                                                     |                                             |
| [Deliberative document available in the project files.]               |                                                                                     |                                             |
| Environmental and Social Management Framework for the Infrastructure Component | - ESMF disclosed December 4, 2013 on the web page of the MoES and on the PIU web page in Armenian and English.  
- 14 people attended the public consultation on December 10, 2013. | Consultation held on December 10, 2013.                                                 |
| CEP_ESMF_10Dec20_13.fin.doc                                         |                                                                                     |                                             |
Meeting with Stakeholders during Supervision and Preparation Missions

During all visits\(^{14}\) to Armenia, the Bank team carried out field visits and interacted with various stakeholders. These included:

- Teachers and community members to gauge their perception on the Early Childhood Development micro-projects to be supported by the project;
- High schools to interact with students, teachers and principals;
- Universities to learn more about their challenges, advances on quality assurance and their experiences with CIF; and
- Employers’ associations (Union of Manufactures and Employers of Armenia and the Chamber of Commerce and Industry) to learn more about the perception of mismatch between the demands of the labor market and the skills provided by the higher education system.

The Bank team also had informative meetings with the EU/EC European Training Foundation local experts, Eurasian Development Bank, GIZ, UNICEF, and USAID.

Dissemination and Discussions with Stakeholders on Education Sector Work

The analytical reports were disseminated and discussed with various stakeholders, as shown in the table below.

\(^{14}\) Source: Aide memoires from November 12-16, 2012; December 10-14, 2012; March 25-29, 2013; June 17-21, 2013; July 22-25, 2013; and September 23-27, 2013 visits. Aide Memoires are not available to the public as they are classified as “official use only” due to their deliberative nature.
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<tr>
<th>Date</th>
<th>Topic</th>
<th>Attendance</th>
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<tr>
<td>May 7, 2013</td>
<td>Higher Education Conference Addressing Governance at the CI</td>
<td>About one hundred stakeholders from the Armenian higher education community participated in the event, including representatives of HEIs, colleges, research institutions, and government officials from various ministries. In his opening remarks, the Minister informed the audience that a working group had been established to reform the legislative framework on university governance and urged HEIs to strengthen their capacity and accountability to exercise autonomy. The conference included a group discussion session centered on the main conclusions of the report.*</td>
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<tr>
<td>May 8, 2013</td>
<td>Quality and Equity in Armenian General Education</td>
<td>15 key stakeholders in general education, including officials of the MoES and MoF, representatives from schools, and donor partners.</td>
</tr>
<tr>
<td>May 8, 2013</td>
<td>Pharmaceutical Case Study – Linking Higher Education and Economic Development</td>
<td>10 key stakeholders from HEIs and the private sector working on the pharmaceutical industry.</td>
</tr>
</tbody>
</table>


**Supervision of the EQRP2 and Missions (OP/BP 13.05)**

Appropriate supervision was conducted on the EQRP2. Project files contain nine Implementation Supervision Reports (ISRs), as follows: