



Completion Report

Project Number: 36510
Loan Number: 2093-UZB
December 2010

Uzbekistan: Second Textbook Development Project

Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit		–	sum (SUM)
		At Appraisal	At Project Completion
		15 July 2004	30 January 2010
SUM 1.00	=	\$ 0.000994	\$ 0.000656
\$1.00	=	1,005.94 SUM	1,524.03 SUM

ABBREVIATIONS

ADB	–	Asian Development Bank
BETDP	–	Basic Education Textbook Development Project
COM	–	Cabinet of Ministers
ESDP	–	Education Sector Development Project
ICT	–	information and communication technology
GDP	–	gross domestic product
LIBOR	–	London interbank offered rate
LOI	–	language of instruction
MOF	–	Ministry of Finance
MOPE	–	Ministry of Public Education
MOHSSE	–	Ministry of Higher and Senior Secondary Education
NBU	–	National Bank of Uzbekistan
		National Program for School Education
NPSED	–	Development
NCFWG	–	national curriculum framework working group
PIU	–	project implementation unit
PSC	–	project steering committee
RSBFF	–	Republican Special Book Fund Foundation
SCL	–	student-centered learning
TRS	–	textbook rental scheme
UNICEF	–	United Nations Children's Fund
USAID	–	United States Agency for International Development

NOTES

- (i) The fiscal year (FY) of the Government of Uzbekistan and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	Uzbekistan
2.	Loan Number	2093-UZB
3.	Project Title	Second Textbook Development Project
4.	Borrower	Republic of Uzbekistan
5.	Executing Agency	Ministry of Public Education
6.	Amount of Loan	\$25 million
7.	Project Completion Report Number	PCR: UZB 1225

B. Loan Data

1.	Appraisal	
	– Date Started	29 June 2004
	– Date Completed	15 July 2004
2.	Loan Negotiations	
	– Date Started	25 August 2004
	– Date Completed	26 August 2004
3.	Date of Board Approval	29 September 2004
4.	Date of Loan Agreement	2 November 2004
5.	Date of Loan Effectiveness	
	– In Loan Agreement	90 days from the date of Loan Agreement
	– Actual	1 December 2004
	– Number of Extensions	-
6.	Closing Date	
	– In Loan Agreement	30 January 2010
	– Actual	09 August 2010
	– Number of Extensions	- None
7.	Terms of Loan	
	– Interest Rate	LIBOR + 0.6%
	– Maturity (number of years)	25
	– Grace Period (number of years)	5
8.	Terms of Relending (if any)	Not applicable
	– Interest Rate	
	– Maturity (number of years)	
	– Grace Period (number of years)	
	– Second-Step Borrower	

9. Disbursements

a. Dates

Initial Disbursement	Final Disbursement	Time Interval
16 February 2005	9 August 2010	68 months
Effective Date	Original Closing Date / Actual Closing Date	Time Interval
1 December 2004	30 January 2010 / 9 August 2010	69 months

b. Amount (\$ '000)

Category or Subloan	Original Allocation	Last Revised Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
1. Equipment, Furniture and Vehicle	3,647	3,647	519	3,128	3,128	0
2. Instructional Materials	13,545	13,545	1,300	12,245	12,226	19
3A. Training and Fellowships	195	195	150	45	45	0
3B. Out-of-Country training	232	232	120	112	103	9
4A. International consulting services	1,400	1,400	880	520	518	2
4B. Domestic consulting services	436	429	108	321	314	7
5. Research studies	110	110	85	25	22	3
6. Project Management	277	284	80	204	207	-3
7. Interest and Other Commitment Charge	3,968	3,968	2,068	1,900	1,795	105
8. Unallocated	1,190	1,190	1,190	0	0	0
Total	25,000	25,000	6,500	18,500	18,358	142

10. Local Costs (Financed)

- Amount (\$ '000)	1,181
- Percent of Local Costs	3.8%
- Percent of Total Cost	2%

C. Project Data

1. Project Cost (\$ '000)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	23,819	17,770
Local Currency Cost	31,181	30,452
Total	55,000	48,222

2. Financing Plan (\$ '000)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower Financed	30,000	29,865
ADB Financed	19,851	16,562
Other External Financing	-	-
Total	49,851	46,427
IDC Costs		
Borrower Financed	-	-
ADB Financed	3,968	1,795
Other External Financing	-	-
Total	55,000	48,222

ADB = Asian Development Bank, IDC = interest during construction.

3. Cost Breakdown by Project Component (\$ '000)

Component	Appraisal Estimate	Actual
A. Base Cost		
1. Strengthening Basic Education Policy Framework	1,283	581
2. Ensuring Sustainable Provision of Textbooks	33,113	35,140
3. Developing Book Publishing Sector	412	157
4. Developing School Libraries	9,979	10,063
5. Project Implementation	494	401
6. Taxes and Duties	69	85
B. Contingencies	5,682	0
C. Interest and Other Charges	3,968	1,795
Total	55,000	48,222

4. Project Schedule

Item	Appraisal Estimate	Actual
Date of Contract with Consultant		
Start Date	I Qtr 2005	III Qtr 2006
Completion Date	IV Qtr 2008	IV Qtr 2008
Equipment and Supplies Dates		
First Procurement	II Qtr 2005	II Qtr 2005
Last Procurement	III Qtr 2009	II Qtr 2009
Textbooks and Teaching Materials Dates		
First Procurement	II Qtr 2005	II Qtr 2005
Last Procurement	III Qtr 2009	II Qtr 2009
Staff Development		
Date of Commencement	I Qtr 2005	II Qtr 2005
Date of Completion	IV Qtr 2009	I Qtr 2009

Qtr=Quarter

5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 29 Sep 2004 to 30 Jul 2006	Satisfactory	Satisfactory
From 30 Aug 2006 to 30 May 2007	Highly Satisfactory	Satisfactory
From 29 Jun 2007 to 30 Aug 2008	Highly Satisfactory	Highly Satisfactory
From 29 Sep 2008 to 29 Sep 2010	Satisfactory	Satisfactory

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members ^a
Inception Mission	24–28 Jan 2005	2	10	a, c
Loan Review Mission	20–24 Feb 2006	2	10	a, b
Loan Review Mission	3–6 Oct 2006	2	8	a, b
Loan Review Mission	21–22 Dec 2006	2	4	b, c
Loan Review Mission	2–10 Apr 2007	2	18	b
Loan Review Mission	10–24 Sep 2007	2	30	b, c
Loan Review Mission	1–3 Jan 2008	2	6	b, c
Loan Review Mission	10–24 Sep 2009	2	32	b, c
Project Completion Review ^b	27 Oct–11 Nov 2010	3	48	b, c, d

^a a = senior social sector economist, b = national officer, c = assistant project analyst, d = staff consultant.^b The project completion report was prepared by B. Gafurov, finance and private sector development officer, D. Mukhammadaliyev, assistant project analyst, and Geoffrey David Howse, staff consultant.

I. PROJECT DESCRIPTION

1. The Second Textbook Development Project loan for \$25 million was approved on 27 September 2004 from the ordinary capital resources of the Asian Development Bank (ADB) and built on past ADB assistance to provide affordable textbooks for basic education. The total cost of the project was estimated at \$55.0 million, comprising \$23.8 million in foreign exchange and \$31.2 million in local currency. The project aimed to extend the textbook rental scheme (TRS) established under the previous project¹ to grades 6, 7, and 8, completing full TRS coverage of basic education (grades 2–9).² The project covered all schools nationwide under the TRS and 10% of school libraries, which would be selected to ensure even distribution across country with a focus on rural districts.³ To support new approaches to learning, school libraries were to be developed on a pilot basis as information resource centers.

2. The goal of the project was to improve the quality of basic education. The purpose was to establish efficient and sustainable nationwide provision of affordable textbooks and other instructional materials, supported by necessary institutional and policy reforms.⁴ The project aimed to deliver four outputs: (i) a stronger basic education policy framework; (ii) the sustainable provision of textbooks; (iii) a well-developed the book publishing sector; and (iv) school libraries in 1,000 pilot schools.

3. This project completion report presents the results of the project. The project framework is provided in Appendix 1.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

4. The project design and formulation was highly relevant and addressed key government priorities at the time of appraisal, by supporting an affordable and durable system for providing textbooks and establishing the TRS. The project introduced the TRS into basic education without interruption of services, and successfully established institutions to manage the TRS. Providing textbooks to classrooms allowed teachers and education officials to concentrate on the pedagogical content rather than on finding the necessary textbooks. The project development objective was consistent with the government's education reform program, especially with National Program for Personnel Training and the National Program on School Education Development for 2004–2009.⁵ It was also consistent with the ADB country operational strategy. Government support to the TRS resulted in speedy project preparation and effectiveness. Project outputs, inputs, activities, and implementation arrangements in general were clearly expressed. ADB was the lead

¹ ADB. 1997. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the Republic of Uzbekistan for the Basic Education Textbook Development Project*. Manila (Loan 1594 and 1595-UZB, implemented in 1998–2004). See also ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Second Textbook Development Project*. Manila (para. 18).

² Previous ADB project completed introduction of TRS in most schools in grades 2–5 and 9 in 2002–2004 school years.

³ As of December 2010, all 9972 basic education schools in Uzbekistan participated in TRS. Source: Ministry of Public Education and Republican Special Book Fun Foundation (Nov 2010).

⁴ ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Second Textbook Development Project*. Manila.

⁵ National Program on Scholl Education Development for 2004–2009 was adopted in 2004. The program aimed to address past underinvestment in basic education through improving school environment and eliminating the disparity between rural and urban schools. The program's five priority areas are: (i) curriculum reform and revision; (ii) provision of learning materials; (iii) rehabilitation of school facilities; and equipment with new furniture, labs and information and communication technology (ICT); (iv) improving motivation/incentives and quality of teachers; and (v) promotion of sport and construction of sport facilities.

international financial agency in the sector and held consultations with stakeholders and development partners at the time of appraisal.⁶ Dialogue continued with all stakeholders during project implementation. Project design continued to be relevant during project implementation.

5. In retrospect, the project design to review and reform the national curriculum and review assessment and examination systems could have included detailed implementation requirements. An additional technical assistance grant could have strengthened the support provided through the loan. Inputs for library development could have provided better valuation of cost estimates and funding sources for library repairs.

6. Overall, the project design was highly relevant and its formulation sound at appraisal, implementation, and completion. The project greatly improved availability, use, and quality of learning materials and has had a positive impact on learning and teaching.

B. Project Outputs

7. **Strengthening the Basic Education Policy Framework.** The first outputs included the following: (i) improving national curriculum and syllabi with competency-based learning objectives and reduced subject and content requirements; (ii) revising assessment procedures and examinations to test the revised learning objectives and outcomes specified as part of the curriculum reform, (iii) providing recommendations for a national information and communication technology (ICT) development strategy in education, and (iv) reviewing language of instruction (LOI) practices.

8. Under the project, a national curriculum framework working group (NCFWG) was created to undertake review of national curriculum and subject syllabi, and education content with focus on competency-based learning. However, the NCFWG and its subgroups were not established until April 2007, due to late contracting of international consultants. International consultants trained NCFWG members in research and analysis of education policy, preparation of new curricula, evaluation and examination system, the review of LOI policy in education, and more. Twelve specialists and ministry officials studied the German education system, including how the Government of Germany carries out examinations, develops the curriculum, inspects schools, and trains of teachers. The Ministry of Public Education (MOPE) indicated that progress was made in improving national curriculum and syllabi, and the student assessment system. These activities were undertaken by MOPE under the government's National Program for Basic Education Development and supported by the NCFWG, which worked with ministry departments and the Republican Education Center. In school year 2008–2009, MOPE completed pilot tests of the revised curriculum for subjects. The student assessment rating system was also tested. In 2010, MOPE revised the national curriculum, syllabi, and student assessment system. According to MOPE, the revision improved horizontal and vertical integration among subjects, and transferred certain topics to senior secondary education due to their complexity.⁷ The revised student assessment system streamlined the student evaluation process, which teachers and parents had

⁶ ADB. 2004. *Report and Recommendation to the President to the Board of Directors: Proposed Loan to the Government of Uzbekistan for the Second Textbook Development Project*. Manila. (paras. 22-26)

⁷ While continuous changes were introduced to national curriculum and syllabi during 2006–2009, in 2010 MOPE conducted a broader review and 813 lesson hours were revised for some subjects (with math in lead). This included the transfer of some complex topics from basic education to senior secondary education level. The National Programme for Personnel Training and Cabinet of Ministers (COM) Resolution 473, dated 29 October 2003, envisaged a gradual transition to 12-year compulsory education, with 9-year basic education, and 3 years of senior secondary vocational education. The resolution also envisaged the gradual transfer to 12-year schooling with full transition by 2009.

considered too complicated. Issues related to LOI policies were studied by the NCFWG. Currently, the government provides basic education to 4.8 million students in grades 1–9 in seven languages, including Uzbek (88%), Russian (6.4%), Karakalpak (2%), Kazakh (1.5%), Tajik (1.5%), Kyrgyz (0.2%), and Turkmen (0.2%). While recommendations were provided on several options for LOI policies, MOPE favors the current system. It suggested that further discussion and consultations with key stakeholders should take place before any decision is made.⁸ During project implementation, MOPE developed a national strategy on ICT in education. Requirements for ICT and its usage in school libraries were reviewed and standards were developed. Recommendations for a national ICT development strategy were accomplished by another project preparatory technical assistance, which resulted in approval of a new project by ADB and the government.⁹ The project coordinated its efforts with ICT in the earlier Basic Education Project in the areas of teacher training and school library development and with other ICT projects.¹⁰

9. The project partly achieved output objectives. Textbook content continues to determine the curriculum taught in schools, including guides for teachers with time allocations by topic. There was no radical reduction in the number of subjects and only a slight reduction and refinement of content. While a revision of the student assessment and rating system has taken place, it will take time to evaluate its impact. The project opened discussion on the role of ICT in education, resulting in a separate ICT program, and on language of instruction policies.

10. **Ensuring the sustainable provision of textbooks.** This output aimed to develop and institutionalize the legal mechanism necessary to ensure financial sustainability and proper management of the TRS. Activities included (i) supplying textbooks in all core subjects for grades 6, 7, and 8 in all schools; (ii) providing free textbooks for the poorest students through better targeting mechanisms; (iii) legally establishing and operating the Republican Textbook Revolving Fund Foundation; and (iv) decentralizing—and basing in schools—decision making on textbook selection and related financial and managerial matters.

11. The project fully achieved outputs. In the first 24 months of its implementation the project enabled the government to supply 29 million copies of textbooks and 0.4 million copies of teacher guides¹¹ in all core subjects for students in grades 6, 7, and 8 for all schools (including minority language schools).¹² Students in grades 2–4 are provided with textbooks on a 2-year rental cycle, while students in grades 5–9 operate on 4-year rental cycle. The government's decision to reduce the 4-year cycle to 2 years was based on the assumption that books in primary grades are used continuously during the week, and are likely to become obsolete faster than in upper grades. This was a modification from the original assumption. While this approach may be justified, a current review indicates that textbooks in grade 2–4 have the capacity to last longer and an extension of the rental cycle would promote greater affordability and efficiency (Appendix 7).

⁸ Teaching in basic education schools may be done in one of seven languages (Uzbek, Russian, Karakalpak, Kazakh, Kyrgyz, Tajik and Turkmen [by usage]). Uzbek is the language of instruction for 88.9% of students in basic education. Options have been proposed to maintain Uzbek, Russian, and Karakalpak as the main LOIs with greater support to minority language and literature.

⁹ ADB. 2004. *Technical Assistance to Uzbekistan for Preparing the Information and Communications Technology in Basic Education Project*. Manila (TA 4495-UZB); ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Information and Communications Technology in Basic Education Project*. Manila (Loan 2191-UZB approved on 27 October 2005).

¹⁰ ICT Development Projects with China Exim Bank and Korea Exim Bank, MOPE 2010.

¹¹ Out of this number 15.3 million textbooks and 237,380 teacher guides were procured using ADB loan.

¹² TRS covers all minority language schools (Russian, Karakalpak, Kazakh, Kyrgyz, Tajik, and Turkmen [by usage]). Enrollment in one grade varies from around 35,000 students in Russian media schools and less than 1,000 in Kyrgyz and Turkmen. Source: Ministry of Public Education, December 2010.

12. The Republican Textbook Revolving Fund Foundation (RSBFF) was established in 2006 and, at the time of project completion, was operational.¹³ The Board of Trustees, chaired by the Minister of Public Education, supervises RSBFF work, and approves rental fees annually.¹⁴ The RSBFF conducts an annual audit of its accounts and provides information to the public. Since 2007, the RSBFF has had full control over rental fee collections. It finances contracts for procurement of textbooks awarded by the MOPE on the basis of competitive bidding.¹⁵ To improve accountability and reporting, the RSBFF in 2010 abolished the previous financial arrangement, in which district branches of Agrobank collected rental fees. In line with the government public finance management reforms, the RSBFF opened special TRS treasury accounts for each school.¹⁶ Funds accumulated on school TRS accounts are transferred to the RSBFF's central account, which reduces funds sitting idle and improves efficiency of financial management. RSBFF representatives provide regular reports to MOPE and its regional and district branches on rental collections. The change allowed the RSBFF to improve collection rates—which reached 92% in 25 Oct 2010, compared with 87% in 2009—and save around SUM650 million (\$394,417 as of 20 December 2010) annually in bank-agent fees. Parents can now pay with cash or via bank transfer using a debit card. The system is more convenient since payment of rental fees and cash deposits by schools are no longer assigned to a specific branch of the Agrobank.

13. At project completion, the financial performance and position of the RSBFF was satisfactory. The opening balance at the beginning of 2010 was SUM69.4 billion (\$45.0 million) and estimated to be SUM59.0 billion (\$35.8 million) at the end of the year. It estimated that in 2010 expenditures will exceed cash revenues needed to provide textbooks in five out of nine grades. This situation may occur every 4 years due to the change from the 4-year cycle to the 2-year cycle in the primary grades. Temporarily idle funds are placed into deposits with local banks.

14. School-based decision making on textbook ordering was implemented in 2006 and is operational.¹⁷ Schools provide their forecast for the next school year based on an analysis of the available stock and estimated enrollment. Orders are consolidated and checked by districts and submitted to regional departments of public education, which consolidate it further and provide it to MOPE and the RSBFF representative in the region. MOPE and the RSBFF review the order and the Board of Trustees approves the printing quota in December each year. Most schools are now familiar with the procedures and have no difficulty following them. Accountability for and recycling of obsolete books have added to efficiency and reduced rental fees. However, a longer rental period is needed, especially in primary grades, to avoid waste.

15. The TRS is popular with parents, since it is affordable to the majority and convenient. Regulation and accountability have improved with the adoption of government resolutions and regulations. On 31 May 2006, the government adopted a resolution providing free textbooks for

¹³ Resolution of the President of the Republic of Uzbekistan (No. PP-363 dd.1 June 2006) named the RTRFF as Republican Special Book Fund Foundation (RSBFF). The term RSBFF will be referred further in the text.

¹⁴ Information on rental fees is published in newspapers and is publicly available in schools and MOPE's website at <http://uzedu.uz/uzb/info/parents/ijara/>

¹⁵ Procedures for competitive bidding are set out in the COM Resolution Ref. No. 548 dd. 22.11.2004 (with amendments). Procurement for the second cycle of TRS took place in 2006, before the establishment of the RSBFF. Ministry of Finance provided temporarily financing for procurement of grade 9 textbooks, which was later reimbursed.

¹⁶ Schools may have several treasury accounts to support their operations at the Treasury office. TRS accounts cannot be used for other purposes.

¹⁷ Government of Uzbekistan. 2010. *Regulation No. 2064 on textbook provision system (Ministry of Justice Ref. No. 2064 dd. 14 January 2010)*. Tashkent. This is a new edition of Regulation No. 1603, which was adopted on 24 July 2006, in line with President Resolution No. PP-362.

students from families in need of social support.¹⁸ The targeting mechanism is based on government decrees and regulations and involves community (*mahalla*) and school and/or parent participation. In general, mechanisms target the most vulnerable. Stronger criteria and a better analysis of socioeconomic conditions of districts would improve the system. In 2007–2010, the government provided 7.8 million textbooks for an amount of SUM10.3 billion (\$6.7 million) for students from families in need of social support. On average, around 13% of students receive government subsidies in the form of free textbooks. For the same period, 22 million textbooks for the amount of SUM30.8 billion (\$18.7 million) were also provided for grade 1 students. Measures to promote better efficiency in the use of state budget and rental collections are discussed in the recommendation section.

16. **Developing the book publishing sector.** The third group of outputs includes the following: (i) a sustainable institutional base for upgrading professional, commercial, and management skills in book development; (ii) strengthened capacity in authorship and publishing through workshops and training; and (iii) increased representation of private publishers on the MOPE-approved book lists and procurement contracts for textbooks and other materials under the project. Most of the training anticipated under the project was provided. Tashkent State Institute of Textile and Light industry was selected as the local training institution for educational book trade capacity building and its specialists developed modules to train publishers and printing specialists. However, attempts to establish an official training center for publishing, printing, and authorship did not materialize and it is not clear whether training courses will be provided by this institution.

17. In January 2007, the government amended the remuneration system that restricted authorship pay, by abolishing the maximum remuneration ceiling and introducing a minimum floor for authorship and related works.¹⁹ The change covered all types of creative production (books, films, music, plays, televised shows, etc) and prohibited payments below the minimum rate. Book publishing has been strengthened by more transparent assessment and tendering procedures for development and publication of new textbooks.²⁰ Demand for basic education textbooks has become more predictable and the availability of funding has promoted a more competitive printing and publishing industry in Uzbekistan.

18. Privatization of large publishing and printing companies did not materialize during the project. The state-owned publishing and printing houses that operated separately in 2006 were combined into several publishing-printing complexes. Official statistics indicate that between 2005 and 2010 the total number of publishing houses increased by 80% to 101 publishing houses, and the number of printing houses increased by 39% to 1422 printing houses.²¹ There are currently 39 private publishers and 522 private printing houses. However, this statistics is misleading, since it does not show how many large private publishers and printers are active in the market. The licensing procedure for publishing activities in textbook production also remains unclear. Few publishers have the right to publish textbooks. As a result, major suppliers of textbooks are still large state publishers.²² However, the majority of state-owned enterprises operate on commercial terms and have an advantage in their capacity to meet the large print volumes for textbooks. At the

¹⁸ Government of Uzbekistan. 31 May 2006. *Resolution of the President of the Republic of Uzbekistan Ref. No. PP-362*. Tashkent.

¹⁹ The government amended the remuneration system by COM Resolution Ref. No. 8 dated 08 January 2007. It abolished COM Resolution Ref. No. 307, dated 23 June 1993.

²⁰ COM Resolution Ref. No. 548, dated 22 November 2004.

²¹ Uzbek Agency for Press and Information. November 2010. www.uzapi.uz.

²² Publishing and printing houses Sharq, O'zbekiston, O'qituvchi, Gafur Gulom, and Chulpon are government owned. Yangiyo'l Polygraph Services is a private LLC, and Manaviyat Publisher is publicly owned and used for smaller print runs.

same time, private publishers have earned greater representation in the MOPE-approved library book list, where competition is greater. Yet, the library book market remains relatively small compared to textbook procurement.

19. Overall, output achievements were moderate. The project managed to institutionalize the competitive selection process for authors, publishers, and printers, address the issue of authorship rights, and establish a sustainable and predictable demand and financing mechanism for provision of textbooks. However, the sustainability of the institutional base for authorship and publishing training at the Tashkent State Institute of Textile and Light Industry and the greater participation of private textbook producers were not resolved.

20. **Developing school libraries.** This output aimed to (i) develop national guidelines to improve the school library system; (ii) refurbish, upgrade, and stock 1,000 school libraries; (iii) improve skills by training 1,000 school librarians and 200 district specialists; and (iv) strengthen capacity in policy, standards, and management of school library systems. In addition, this output aimed to strengthen management and monitoring of textbook use under the TRS in each library. At project completion, 1,000 school libraries were refurbished, upgraded and stocked with 135 titles of new materials other than textbooks. School libraries, now called information resource centers (IRCs), were given basic furniture, two computers, a printer and copier, television, and an overhead projector. Most IRCs are in rural areas including areas with ethnic minorities, as stipulated by selection criteria. IRCs were established in 500 of the ICT in Basic Education Project's cluster leader schools to augment ICT impact on education. In addition, 200 school libraries were combined with 200 public IRCs that were organized on the basis of former district children's libraries. The Republican Scientific Pedagogical Library and Republican Education Center were responsible for this component. A baseline study was conducted before equipping and training methodologists and school librarians. International and domestic consultants and local trainers coached more than 214 regional and district methodologists on managing IRCs. Cascade training for more than 1,000 school librarians took place and was taught in a series of trainings on the use of ICT and management of school libraries. The ministry developed and adopted new standards, a handbook on library management, and a handbook on ICT management for IRC. The Republican Scientific Pedagogical Library under the MOPE monitors school libraries. Twelve specialists took an overseas study tour to Germany and examined school library management, materials supply, development issues, hardware requirements, and the role of libraries in the education system. The majority of materials was in Latin script and was highly regarded by students and teachers. Procurement of e-materials did not materialize due to the need to avoid duplication with other ongoing ICT development projects. MOPE favors the use of ICT and e-materials to improve access by minority language students to additional learning materials.

21. The outputs were mostly achieved. The new school library concept was introduced and is now widely accepted. The government, however, needs to provide more resources to expand support to school libraries to meet the demands of the education system.

C. Project Costs

22. The total cost of the project was estimated at \$55.0 million equivalent, including physical and price contingencies, taxes and duties, and interest and other charges. Of the total cost, \$23.80 million (43%) comprised the foreign exchange cost, and \$31.20 million equivalent (57%) the local currency cost. The total project cost at the time of completion was \$48.22 million, of which ADB financed \$18.36 million and the government financed \$29.86 million. Funds utilization was 73.4% of the original loan amount and 99% of the net loan amount for ADB and around 100% for the government. On 9 July 2009, ADB at the request of the Borrower cancelled a \$5.1 million of

unutilized portion of the loan under the first variation. On 30 January 2010, ADB cancelled \$1.4 million of the loan, and at the time of the loan closure, ADB cancelled \$143,000. Major savings were due to lower than expected interest and commitment charges (\$2.07 million), unused contingency (\$1.19 million), savings and underutilization of consulting services budget (\$0.99 million), and equipment (\$519,000). Most savings resulted from lower bid prices than original estimates. Details are provided in the Basic Data section.

23. There was no major cost overrun for the project. However, estimates provided for repairs of schools libraries were lower than actual expenditures made by the government and schools. Some expenditures were in the form of in-kind support and contributions by school sponsors, which are difficult to estimate.

D. Disbursements

24. Total ADB disbursement was \$18.36 million or 73% of the approved loan amount of \$25 million.²³ The first disbursement was in February 2005 and the last in August 2010. There was a delay of almost 2 years in meeting the loan disbursement condition for loan category 2: Learning Materials due to a delay in establishing the RSBFF. Significant growth (43% of loan funds) in disbursement occurred at the end of 2006 when reimbursement for textbook procurement took place. The government financed the initial cost of textbook provision for grade 6, 7, and 8 and was later reimbursed by ADB. The project opened one imprest account with a ceiling of \$150,000. The audit reports and loan reviews indicated that the management of imprest account complied with ADB requirements.

E. Project Schedule

25. The project was approved on 27 September 2004, loan signing was on 2 November 2004 and it became effective on 1 December 2004. The project was implemented over a five-year period from 1 December 2004 to 30 January 2010, as scheduled. The financial closing of the project account took longer: it was closed on 9 August 2010 due to the need to settle the imprest account.

26. No extension of the loan closing date was requested by the government. In project implementation, priority was given to timely provision of textbooks under the TRS. Project implementation suffered from (i) delay in selection and fielding of consultants; (ii) delay in delivery by suppliers of library equipment; (iii) lack of coordination in management of consulting services; (iv) some delay in contract registration by the Ministry of Foreign Economic Relations, Investment, and Trade of equipment import contracts; and (v) high staff turnover in the project implementation unit (PIU) in later years.²⁴

F. Implementation Arrangements

27. The MOPE was appointed as the executing agency. The PIU was established 1 month after loan signing. The project steering committee and bid evaluation committees were established at the same time.²⁵ The First Deputy Minister of Public Education was appointed project director to supervise the work of the PIU. International consultants and the NCFWG were housed in the Republican Scientific Pedagogical Library and Republican Education Center. The PIU worked

²³ The remaining portion of \$6.64 was cancelled (para. 23).

²⁴ Since most of the contracts for publishing and printing were awarded to local suppliers, the second component was not affected by Ministry for Foreign Economic Relations, Investment, and Trade registration procedures.

²⁵ The Social Complex of the Cabinet of Ministers established the project steering committee, which is headed by Uzbekistan's deputy prime minister.

satisfactorily and was responsible for daily coordination. To avoid interruptions and loss of institutional memory, most of the PIU staff were transferred from the Basic Education Textbook Development Project PIU. Similarly, equipment and furniture acquired under the Basic Education Textbook Development Project was transferred to the PIU and additional equipment was procured as needed. PIU staff participated in regular project implementation trainings by ADB to the executing agencies. Starting in 2007, PIU staff turnover increased (especially procurement and consulting services specialists) and remained high because of the less competitive compensation structure than that of the private sector and international organizations. The overall assessment of implementation arrangements is satisfactory.

G. Conditions and Covenants

28. Conditions for effectiveness were met and the project became effective 1 month after the loan signing, upon establishment of PIU.

29. The project has complied with 25 of 27 covenants. Compliance with the covenant relating to enhanced competition and private sector growth was partial. While competition was encouraged through the competitive bidding process, after 2007, the licensing of publishing activities became rigid. As a result, only a small number of publishers can print textbooks and teachers' guides. The establishment of the NCFWG was delayed due to a delay in selection of international consultants. The project was delayed in complying with the requirement to select 1,000 school libraries. The original design envisaged gradual provision of equipment and other materials to these libraries, which proved to be impractical and less efficient. By the end of 2006, the PIU had identified all 1,000 school libraries and ensured 500 of them were linked with cluster leader schools that participated in the ICT for Basic Education Project. A long review process delayed compliance with the disbursement covenant relating to the issuance of a COM resolution regarding the RSBFF; however the Borrower and the project team requested modification. The government issued resolutions establishing the RSBFF and institutionalizing TRS on 1 June 2006 (original February 2004, revised to 15 June 2006). Overall, the covenants were relevant and comprehensive, although the addition of a few more covenants would have been desirable to encourage private sector participation in the publishing sector. The status of compliance with loan covenants is in Appendix 4.

30. MOPE submitted periodic progress reports and audited financial statements of good quality mostly on time.

H. Related Technical Assistance

31. Technical assistance was not provided under the project.

I. Consultant Recruitment and Procurement

32. The project required 937 person-months of consulting services, consisting of 61 person-months of international consulting and 876 person-months of domestic consulting. Forty domestic experts in the NCFWG, selected by the executing agency based on criteria agreed with ADB, contributed 660 person-months of domestic consultancy. The international consultant team was selected through the quality and cost based selection method, and was contracted for the project in accordance with ADB's guidelines on the use of consultants.²⁶ Due to the inexperience in the selection of criteria of PIU and/or executing agency, evaluation took longer than expected. The

²⁶ The international consultant team came from ABU Consult Berlin GmbH, Germany.

contract was signed on 29 August 2006. However, due to delay in approval of a feasibility study, consultants were fielded in April 2007 and the contract was completed on 31 December 2008. In total, 27.1 person-months of international and 653.6 person-months of domestic consultancy were used, which comprises 44% and 70% of the original estimates (Appendix 6). Not all consulting services support was provided due to (i) delay in selection and fielding of consultants; (ii) delay in establishing NCFWG, (iii) a change in the team leader, and (iv) communication and coordination issues between MOPE and the consulting firm. At a later stage of the project MOPE failed to coordinate the work of international consultants. Against the original allocation of \$1.84 million, the actual cost of consulting services was \$0.84 million.

J. Performance of Consultants, Contractors, and Suppliers

33. MOPE carried out all procurement under the project in accordance with ADB procurement guidelines, and procured most goods and services planned at appraisal. MOPE effectively used sanctions for late delivery to ensure timely performance. Although the delivery terms for printing textbooks and learning materials was tight, most publishers delivered goods as scheduled. There was delay of more than 6 months in delivery of equipment to school libraries. Detailed information on procurement is provided in Appendix 5. Overall, the performances of the consultants, contractors, and suppliers were generally satisfactory. Despite issues discussed in paragraph 33, consultants assistance to the MOPE is rated satisfactory.

K. Performance of the Borrower and the Executing Agency

34. The borrower's performance was satisfactory. The government provided financing for the TRS (\$10.9 million, under reimbursement procedures) before the RSBFF was established. This was vital in ensuring that the TRS was implemented without interruptions and contributed to improved efficiency of the RSBFF.

35. The executing agency generally performed well, making use of the experience gained implementing previous externally-financed projects. MOPE's commitment was essential in implementing TRS and developing the school libraries. The level of support varied for first and third components based on high staff turnover in the MOPE and relevant institutions. However, experience under the curriculum component allowed the executing agency to implement changes to the national curriculum and assessment system and to gain the necessary experience. Responsibility for implementing government curriculum and textbook policy rested with MOPE, the Republican Education Center, and the RSBFF for managing funding through parental contributions.

36. PIU performance was satisfactory. In later years, however, the low compensation incentives resulted in frequent changes in procurement specialists and delays in procurement of some library materials.

L. Performance of the Asian Development Bank

37. The performance of ADB is rated satisfactory. The project was implemented as designed. The loan was initially administered by ADB Headquarters in Manila but subsequently delegated to the ADB Uzbekistan Resident Mission on 12 March 2006. The project conducted regular review missions. It was considered that no significant changes to project design and implementation arrangements were necessary. ADB closely administered the project through regular quarterly meetings and periodic review missions.

III. EVALUATION OF PERFORMANCE

A. Relevance

38. The project was highly relevant at the time of design and at completion: it was in line with the government education development strategy and National Program for School Education Development (NPSED). The design of the project was appropriate to achieve the project goal and objectives. The project assisted the government to establish a sustainable and affordable system of textbook provision, contributing to effective schooling from the perspective of teachers, pupils, and parents, and the government's reform priorities. The project design was clear and was implemented without major changes in design and implementation arrangements. Piloting new ideas about library development also assisted MOPE in establishing a new set of requirements for school libraries.

B. Effectiveness in Achieving Outcome

39. The project was highly efficient and exceeded most of the targets related to establishing a sustainable textbook provision system. It made progress in developing school libraries. It introduced "open access school libraries,"²⁷ a new concept that became widely accepted. The curriculum development and assessment review was less efficient due to delays in fielding consultants and differences in perceptions of curriculum by national education developers and international consultants. Similarly, the book development component was effective in improving the legal framework for authorship and remuneration, but was less effective in establishing sustainable training capacity. The results on the introduction of a competitive environment in textbook production were successful. However, the limitation on the number of licenses issued for textbook publishing is limiting greater competition. Despite less progress for components one and three, the project achieved its objective to address the affordability of textbooks in basic education in an efficient manner. On the basis of the successful attainment of project outputs and outcome, the project is rated effective.

C. Efficiency in Achieving Outcome and Outputs

40. The project is rated efficient in attaining its intended outputs and outcome in a cost-effective manner. This was accomplished through substantive improvements in the quality, durability, and availability of textbooks, and in the efficiency of textbook ordering, production, and supply, which considerably reduced costs. The government regards the project to be very efficient, in particular the TRS, although several activities under the first output were less efficient. Government used resources efficiently to establish functional institutional arrangements that ensured sustainability of financing, as well as available and affordable textbooks to students and teacher's guides to teachers. The project significantly increased textbook supplies, achieving nearly one textbook per student and almost universal coverage, as compared with two or three students sharing one textbook before the project (in grades 6, 7, and 8). Printing and distribution costs were maintained during project implementation. Establishing the RSBFF introduced efficiency into the system. Support to students from low-income families through a special budget appropriation enabled achievement of the outcome. Full introduction of TRS also proved beneficial to the printing and publishing industry as it promoted greater efficiency and established a more predictable government textbook ordering system.

²⁷ Per project design local communities were allowed to use the school libraries.

41. Stronger policy and institutional frameworks and knowledge were other tangible outputs that were brought about by experimentation in developing a responsive education. The government accepted the concept of a library information resource center and is now preparing a program to further improve the national library system, including school libraries. While the education policy review process had a lesser impact, it encouraged education officials to introduce changes into the national curriculum and the student assessment and rating system in 2010. The project impact, outcome, outputs, and activities remained unchanged during implementation.

D. Preliminary Assessment of Sustainability

42. The project is most likely sustainable. The fact that the TRS and the RSBFF are operational and financially sustainable is a critical and important achievement. The current balance of SUM59 (\$38 million) provides assurance that the system is most likely sustainable in the mid-term period (5 years) and over the long-term period (5 years–10 years) (Appendix 7). Institutional arrangements are well established. Movement towards a competency-based curriculum and student-centered learning will take a longer time to develop than envisaged by the project. The ICT for Basic Education Project and the World Bank Basic Education Project (2006-2010) also sought to develop student-centered learning.²⁸

E. Impact

43. The project has had a positive social and educational impact. The implementation of TRS and the establishment of the operational RSBFF supported government priorities in education and benefited more than 6 million students in grades 6, 7, and 8. Teachers and parents benefited greatly from the availability and affordability of textbooks. The project will continue to benefit around 4.5 million students in grades 2–9 annually, including 570,000 students from poor families. The project contributed to improvement in management of public finances with regard to textbook provision. The project initiated discussions about the need for curriculum reform and a review of the assessment and examination system, and supported library and book development. The project augmented the progress made under ADB's past assistance and ensured the sustainability of textbook provision, contributing to the improvement in the quality of basic education.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

44. The project is rated as highly relevant, effective, efficient, and most likely sustainable. The project impact is rated significant. Overall, the project is rated successful with weighted rating 2.4 (Appendix 8). The government is strongly committed to the reform agenda, which it continues to implement.

B. Lessons Learned

45. ADB learned the following lessons:

- (i) The strength of the project was based on the commitment of the Government and was designed in line with its priorities. Such commitment is critical and should be taken into account in future projects. The success of the government in

²⁸ ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of Uzbekistan for the Information and Communications Technology in Basic Education Project* (Loan 2191-UZB), Manila. (pg. 2); World Bank, 2006. *Basic Education Project document*, PAD 33484-UZ (pg. 7).

implementing an effective textbook rental scheme, which delivers quality textbooks to all students at low cost to parents, is a major lesson for other countries in Central Asia. Many countries struggling with textbook provision could be encouraged to study the TRS in Uzbekistan. Such visits would strengthen the TRS as well as encourage improvements to extend the life-cycle and/or use of current textbooks, reduce premature recycling, reduce the number of titles further, and minimize parental contributions.

- (ii) The focus on designing an improved and more relevant curriculum that focuses on competency-based learning objectives and promotes high cognitive skills requires further support and commitment from MOPE. Monitoring of classroom teaching practices and the extent to which textbooks continue to define the school curriculum will assist in identifying the next steps in curriculum review.
- (iii) The project has encouraged the development of pilot school libraries into places where teachers, students, and communities can access reference materials and electronic material via the internet, enrich their learning outside of the classroom, and reduce their dependence on classroom textbooks. The project is an important first step towards greater use of student-centered learning. The teachers' guides could cost effectively support the timely roll out of student-centered learning. Teachers' guides could be expanded to identify tools, provide additional referencing to learning materials for teachers, and promote greater use of school libraries.
- (iv) Discussion and dialogue on LOI for ethnic minorities remains a sensitive issue in most countries in the Commonwealth of Independent States. Any debate of change in LOIs should be widely discussed before implementation and aim at (i) improving ethnic minorities' chances to enter the best senior secondary and higher education institutions, and (ii) acquiring language skills necessary for better job opportunities while providing necessary support to maintain their identity.
- (v) Operation of TRS in minority language schools with very small print runs (below 1000) is not viable. Government support is required to maintain TRS in these schools.
- (vi) Use of ICT, e-materials, and Internet may improve access to learning materials for ethnic minorities.

C. Recommendations

1. Project Related

46. Specific recommendations are listed below:

- (i) MOPE and the RSBFF should continue to address affordability and availability of textbooks. To further reduce the cost of textbooks and promote greater efficiency into TRS, the following actions are recommended:
 - a. Improve the monitoring of textbook stock and condition.
 - b. Discontinue the annual replacement of all grade 1 textbooks, allowing only annual reprinting of ABC books and workbooks. Require other textbooks to be used for at least 2 or 3 years.
 - c. Extend the rental period for grades 2–4 textbooks to 3 or 4 years

- d. Consider extending the rental period of grades 5–9 textbooks to 5 years. The high quality of textbooks indicate that textbook life may exceed 4 years and could allow the RSBFF to better manage annual expenditure and absorb price increases rather than increase demands on parents.
 - e. Reduce the number of titles and concentrate on core subjects. There is not much justification for provision of textbooks in arts, music, and physical training. Such subjects can be taught better through provision of teaching aid kits, learning materials, extended teachers' guides and a set of textbooks in the school libraries, if necessary.
 - f. Review and/or revise the formula for rental fees based on the replacement cost of textbooks, and account for future enrollment.
 - g. Provide direct government subsidies from the state budget for textbooks in minority languages where the cost and/or fee is subsidized. This could be annual or at the time of reprinting.
- (ii) Efforts in reforming the national curriculum that aim at introducing student-centered learning and teaching methods need to continue. There could be a strong argument for reviewing the sequence of math skills across several grades in the same year, and doing biology, chemistry, history, geography, and physics in different years.
 - (iii) Government needs to review licensing requirement for publishers, eliminating any restrictions on publishing textbooks. Restrictions in licensing are generally counterproductive and will lead to lesser competition, increased cost and lower-quality printed materials. Efforts to encourage wide participation of the private sector in book development to promote better efficiency in the sector should be continued.
 - (iv) To ensure that textbooks are available at the beginning of the school year, ongoing collaboration across state agencies must be done to meet the tight time-lines for review of textbook contents, and for conducting a competitive process for selecting authors and printing houses through tender. It is recommended to conduct such tenders 1 year earlier and pilot test them during 1 school year before a nationwide introduction.
 - (v) MOPE and other agencies should prepare a comprehensive program to support school libraries, to ensure provision of adequate funding to all school libraries for books and other equipment. These measures should not be limited to ICT provision but should be better linked with curriculum reform and teaching practice.
 - (vi) There should be greater regional cooperation between education ministries in Central Asia.

47. **Monitoring.** The following is suggested to ensure that: (i) continuous curriculum review process is conducted at regular intervals, (ii) TRS and the RSBFF are operational and sustainable, (iii) competition in education book development sector is strengthened, and (iv) pilot school libraries are operational and provided with sufficient materials.

48. **Covenants.** All covenants developed by the project are adequate and should be maintained.

49. **Further action or follow-up.** Specific recommendations mentioned in paragraph 48 were discussed with MOPE and will be closely monitored. The government should continue to make funding available for school libraries' recurrent budgets, training and the upgrading of facilities, and the provision of modern printed and electronic materials.

50. **Additional assistance.** The need for additional assistance should be discussed with the Ministry of Finance and MOPE. ADB should stay engaged in dialogue with MOPE. Additional technical assistance in the form of grant could be very helpful in the area of curriculum reform and the identification of education strategies.

51. **Timing of the project performance evaluation report.** The evaluation of the project performance would be most appropriate in 3 to 5 years.

2. General

52. For project appraisal:

- (i) Project preparation should include a more detail assessment of the executing agency's implementation capacity and identify specific departments/bodies within the executing agency that will be responsible for the implementation of particular components.
- (ii) The cost of repairs and rehabilitation should be carefully estimated and exact sources be identified prior to loan approval, and agreement should be reached on the schedule and manner in which financing is provided.

53. For project implementation:

- (i) Better assistance should be provided to the executing agencies in developing capacity for monitoring the performance of qualitative targets.
- (ii) ADB should be proactive and engage in ongoing dialogue with the government to ensure that contract registration procedures are not impacting the performance of the project.

PROJECT FRAMEWORK

Design Summary	Performance Indicators/Target	Monitoring Mechanisms	Achievements
Goal Improvement of quality of basic education	Satisfactory rankings for grade 5, based on the new system introduced 2010	MOPE reporting	Ongoing
	Improvement of attendance rates of poorest toward parity with national figures based on sample schools	MOPE surveys	MOPE reports 99% attendance rate
	Maintenance of transition rate from grade 4 to 5 and grade 9 to 10 at baseline levels	MOPE statistics	Maintained
Purpose Efficient and sustainable nationwide provision of affordable textbooks and other learning and teaching materials	Improved curriculum and syllabi phased in by grade level from 2006 onward	MOPE decrees on curriculum and syllabi standards	Partially achieved Important changes were introduced in 2010 Stakeholders recognize need for continuous change in curriculum process (monitoring is required)
	All pupils in grades 2–9 in all schools are provided with high quality sets of core textbooks through the TRS by no later than 2007	MOPE and RSBFF Reports on text book production and delivery Mission review visits	Achieved and maintained
	School-based textbook ordering through the RTRFF mechanism in place by 2007	RSBFF coordination with regions on school textbook needs	Achieved
	Sustainable and self-financing system of textbook provision in place by 2007	RTRFF functional, and collections from parents achieved	High level of parental compliance achieved
	Specific protection schemes for the poorest 15% of students in place by mid-2006	MOPE and/or the regions report effective protection in place	Reduction in reported poverty levels (Poverty underestimated)
	Learning and/or teaching environment significantly improved with library system upgrade with equipment, including computers in 1000 pilot schools by 2010	ICTBEP reporting to MOPE Training provided for school and district staff	Renovation of school library facilities and equipment provided (Delays, power and telephone problem, training)

Design Summary	Performance Indicators/Target	Monitoring Mechanisms	Achievements
	A more competitive textbook production system in place by 2010	RTRFF reports	Major publishing houses transparent and/or efficient (Paper price major cost determinant)
OUTPUTS			
Component 1 Strengthening the Basic Education Policy Framework			
1.1. Improved curriculum and syllabi	Curriculum working group and associated sub committees established by 1 February 2005	MOPE reports	Activities were delayed. NCFWG was established in April 2007
	A new national curriculum framework agreed by the end of 2005	MOPE reports	Achieved partially the changes to national curriculum were introduced gradually over 2006–2010 First revision by the government took place in 2005 Process is ongoing
	New syllabus for grades 4 and 5 completed by September 2006 in time for launch of new textbook bid (other grades follow annually)	MOPE reports	Ongoing Process succeeds because it is linked directly to textbook publishing
	New curriculum textbooks in grades 4 and 5 by September 2007 (other grades follow annually)	MOPE, RTRFF reports	Textbooks were supplied as scheduled. However the degree of change in textbook content is unclear.
1.2 A revised national assessment and testing system established	Principles of revised national assessment adopted by government by mid-2006	MOPE reports	Modified student rating system agreed in 2009
	New assessment system implemented and phased in alongside new curriculum	MOPE reports	Achieved partially. In 2010 MOPE introduced new changes
1.3 Capacity strengthened for researching and developing educational policy	40 staff trained in policy research, analysis, and formulation in curriculum, assessment, and language of instruction by end 2005	MOPE reports, mission reports	Activities were delayed. NCFWG started its work in April 2007 37 staff trained

Design Summary	Performance Indicators/Target	Monitoring Mechanisms	Achievements
Component 2 Ensuring the Sustainable Provision of Textbooks			
2.1 Sustainable mechanism for TRS established	Legal establishment of RTRFF by February 2005 (changed to 15 June 2006)	Government Decree PP-363 dd. 1 June 2006	RSBFF established
	Review and revision of competitive bidding documents and procedures, including evaluation and approval criteria and mechanisms by 2006	COM resolution No. 548 dd. 22 November 2004	Resolution adopted and implemented. (Review of regulations is required on regular basis)
	Establishment of school based textbook ordering system by 2006	PP-362 dd. 31 May 2006 Regulation 2064	System established (electronic reporting not feasible, due to lack of infrastructure in all schools)
2.2 Reliable annual supplies of textbooks and teachers guides for the TRS	Procurement of TRS of textbooks and teachers guides for grade 6–7 in 2005–2006 and grade 8 in 2006–2007	RTRFF reports	Achieved on time.
	Continuation of subsidies for poorest students	RSBFF reports, PP-362 dd. 31 May 2006 and MOJ Regulation 2064	Target mechanisms is in place and operational
2.3 New school curriculum textbooks in schools from September 2007	First new curriculum textbooks in schools in September 2007	MOPE reports	New textbooks are introduced in line with textbook cycle
Outputs Component 3 Book sector development and regulatory framework			
3.1 Sustainable mechanism established for capacity building	A local training institution selected as a permanent base for educational book trade capacity building by end 2005 with first courses operational by mid-2006	MOPE reports and government project completion report	Tashkent Institute of Textile and Light Industry selected in 2007 Sustainability of training is linked to demand for professional training based on continuation of textbook market at no less than current levels
3.2 Policy and regulatory framework			
	The full package of courses to be completed and available by end 2007	MOPE and mission reports	Delay in fielding of consultants Courses completed in 2008

Design Summary	Performance Indicators/Target	Monitoring Mechanisms	Achievements
	Private sector access to textbook market achieved through increased representation on the approved book list starting 2007	MOPE reports	There is a presence of small private publishers in the additional learning materials publishing. However, high presence in textbook publishing of key state textbook publishing and printing companies. (Continue to monitor the process)
	Privatization of identified major state companies involved in textbook publishing and printing achieved by end of project	MOPE and consultant reports	Privatization pace slowed (Continue to monitor the process)
	Restrictions on determining earnings of textbook authors removed by 2007	COM Resolution No. 8, dd. 24 January 2007	Restriction removed
Outputs Component 4 School library development 4.1 Capacity strengthened in policy, standards and management of school library systems 4.2 Selected school libraries modernized	A national guideline for school library system developed and approved by MOPE by end 2005	MOPE orders and reports	New guidelines approved and implemented from 2008 1,000 pilot school libraries upgraded and equipped
	At least 200 district librarians and 1,000 school librarians to be trained by end 2007 in student-centered learning methodologies and school library management and systems	PIU and MOPE reports, consultants reports, mission reports	Achieved Training modules were developed and delivered
	A baseline study conducted by end 2005 on student performance with regular impact evaluations to assess impact of improved school libraries on students and teachers	MOPE and field visit reports Baseline study and impact assessments on school and student performance	Baseline conducted in 2007 The impacts need to be monitored

Design Summary	Performance Indicators/Target	Monitoring Mechanisms	Achievements
	Refurbishment of 1,000 school libraries by <i>hakimiyats</i> (communities coordinated in association with local government) according to project implementation schedule over 5 years	MOPE reports Visit to schools Mission reports	Refurbishment completed Contribution by local communities was higher than expected
	Provision of library equipment, including furniture, equipment and computers to 1,000 selected schools according to 5-year project implementation schedule	Contracts MOPE and ADB reports Visits to schools	Completed
	Supply of library stock of five copies of each of 700 titles of each of 1,000 schools by end 2009 Development of mechanisms for the encouragement of Uzbek language educational software by end 2005	Contracts MOPE and Mission reports Visits to schools and field visit reports School library impact evaluations Mechanisms for educational software development approved and operational Reviews of new software made available in Uzbek	135 new titles were provided to 1,000 school libraries. Further support will be provided by the government MOPE approved selection process for development of educational software in 2006 MDC was established under MOPE to develop new software MDC is operational ICTBEP project will provide support
Activities Main activities for component 1 Revise curriculum and assessment of policies and make recommendations for reform with implementation plans; conduct research on LOI and ICT development (1.1 and 1.2)			

Design Summary	Performance Indicators/Target	Monitoring Mechanisms	Achievements
<p>Main activities for Component 2</p> <p>Establishment of RTRFF (2.1)</p> <p>Review and revise bidding procedures and documentation and evaluation and approval criteria, methodology and scoring system for textbooks and teachers' guides (2.2)</p> <p>School-based textbook ordering introduced (2.2)</p> <p>Supply textbooks and teachers' guides to grades 6-8 (2.2)</p> <p>New curriculum textbooks and teachers' guides introduced into schools (2.3)</p>			<p>RSBFF established and operational.</p> <p>Procurement procedures were revised.</p> <p>School based textbook ordering is in place.</p> <p>Textbooks were supplied to grades 6, 7, and 8.</p> <p>Textbooks based on revised curriculum are being introduced in line with textbook cycle.</p>
<p>Main activities for Component 3</p> <p>Establishment of permanent local training base (3.1)</p> <p>Authorship remuneration liberalized (3.2)</p> <p>More effective implementation of provisions of the Copyright Law (1996) to provide better incentives to authors (3.2)</p>			<p>TILTI selected and training courses developed</p> <p>Sustainability is an issue</p> <p>Authorship remuneration liberalized in 2007</p> <p>Incentives improved</p>

ADB=Asian Development Bank, COM=Cabinet of Ministers, ICTBEP = Information and Communication Technology for Basic Education Project, MDC = multimedia development center, NCFWG = national curriculum framework working group, PIU = project implementation unit, RTRFF = Republican Textbook Revolving Fund Foundation, RSBFF = Republican Special Book Fund Foundation

APPRAISAL AND ACTUAL PROJECT COSTS

Table 1. Appraisal Cost Estimates (\$ '000)

Category	Total Cost			ADB Financing			Government Financing		
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total
A. Civil works	-	1,679	1,679	-	-	-	-	1,679	1,679
B. Furniture and equipment									
1. Furniture	423	1,175	1,598	423	-	423	-	1,175	1,175
2. Equipment	3,387	-	3,387	3,387	-	3,387	-	-	-
Subtotal	3,810	1,175	4,985	3,810	-	3,810	-	1,175	1,175
C. Instructional materials									
1. Textbooks	12,789	15,078	27,867	12,789	-	12,789	-	15,078	15,078
2. Library Stock	1,523	1,887	3,410	1,523	-	1,523	-	1,887	1,887
Subtotal	14,312	16,965	31,277	14,312	-	14,312	-	16,965	16,965
D. Staff development									
1. International	246	-	246	246	-	246	-	-	-
2. Local	-	229	229	-	229	229	-	-	-
Subtotal	246	229	475	246	229	475	-	-	-
E. Specialists' services									
1. International	1,483	-	1,483	1,483	-	1,483	-	-	-
2. Domestic	-	490	490	-	490	490	-	-	-
Subtotal	1,483	490	1,973	1,483	490	1,973	-	-	-
F. Research studies	-	124	124	-	124	124	-	-	-
G. Special programs	-	9,159	9,159	-	-	-	-	9,159	9,159
H. Incremental recurrent cost									
1. Adm. support and O&M	-	711	711	-	-	-	-	711	711
2. PIU	-	564	564	-	338	338	-	226	226
Subtotal	-	1,275	1,275	-	338	338	-	937	937
I. Taxes and duties	-	85	85	-	-	-	-	85	85
Total	19,851	31,181	51,032	19,851	1,181	21,032	-	30,000	30,000
Interest and other charges	3,968	-	3,968	3,968	-	3,968	-	-	-
Grand total	23,819	31,181	55,000	23,819	1,181	25,000	-	30,000	30,000

Source: Asian Development Bank.

Table 2. Actual Cost (\$ '000)

Category		Total Cost			ADB Financing			Government Financing		
		Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total
A.	Civil Works	-	1,830	1,830	-	-	-	-	1,830	1,830
B.	Furniture and equipment									
	1. Furniture	472	1,125	1,597	472	-	472	-	1,125	1,125
	2. Equipment	2,656	-	2,656	2,656	-	2,656	-	-	-
	Subtotal	3,128	1,125	4,253	3,128	-	3,128	-	1,125	1,125
C.	Instructional materials									
	1. Textbooks	10,923	17,086	28,009	10,923	-	10,923	-	17,086	17,086
	2. Library Stock	1,303	1,920	3,223	1,303	-	1,303	-	1,920	1,920
	Subtotal	12,226	19,006	31,232	12,226	-	12,226	-	19,006	19,006
D.	Staff development									
	1. International	103	-	103	103	-	103	-	-	-
	2. Local	-	44	44	-	44	44	-	-	-
	Subtotal	103	44	147	103	44	147	-	-	-
E.	Specialists' services									
	1. International	518	-	518	518	-	518	-	-	-
	2. Domestic	-	314	314	-	314	314	-	-	-
	Subtotal	518	314	832	518	314	832	-	-	-
F.	Research studies	-	22	22	-	22	22	-	-	-
G.	Special programs	-	7,096	7,096	-	-	-	-	7,096	7,096
H.	Incremental recurrent cost									
	1. Adm. support and O&M	-	585	585	-	-	-	-	585	585
	2. PIU	-	345	345	-	207	207	-	138	138
	Subtotal	-	930	930	-	207	207	-	723	723
I.	Taxes and duties	-	85	85	-	-	-	-	85	85
	Total	15,975	30,452	46,427	15,975	587	16,562	-	29,865	29,865
	Interest and other charges	1,795	-	1,795	1,795	-	1,795	-	-	-
Grand Total		17,770	30,452	48,222	17,700	587	18,357	-	29,865	29,865

Source: Asian Development Bank and Government, 2010.

DISBURSEMENTS

Year	Quarter	Quarterly Disbursement (\$ '000)	Cumulative Disbursement (\$ '000)	Percentage of Original Loan
2004	IV	0.000	0.000	0.00
2005	I	150.00	150.00	0.60
	II	0.000	150.00	0.60
	III	13.799	163.799	0.65
	IV	16.480	180.279	0.72
2006	I	0.000	180.279	0.72
	II	43.302	223.581	0.89
	III	0.000	223.581	0.89
	IV	10,684.581	10,908.162	43.6
2007	I	286.230	11,194.392	44.78
	II	621.827	11,816.219	47.26
	III	0.000	11,816.219	47.26
	IV	702.498	12,518.717	50.07
2008	I	536.642	13,055.359	52.22
	II	406.174	13,461.533	53.84
	III	197.598	13,659.131	54.63
	IV	413.824	14,072.955	56.29
2009	I	1,860.041	15,932.996	63.73
	II	806.295	16,739.291	66.96
	III	125.600	16,864.891	67.45
	IV	1,470.437	18,335.328	73.34
2010	I	0.000	18,335.328	73.34
	II	34.071	18,369.399	73.48
	III	(12.549)	18,356.850	73.43
Total		18,356.850	18,356.850	73.43

Source: Asian Development Bank, 2010.

REVISED IMPLEMENTATION SCHEDULE

[illegible]

Components & Activities	2005				2006				2007				2008				2009			
Organize office space																				
Train library implementers																				
Equipment procurement																				
School library policies																				
Selection of schools																				
Refurbish & equipment																				
Training & supervision																				
Overseas training																				
Bidding/ selection of library stock																				
Design software fund**																				
Software fund operational**																				
Design impact evaluation																				
Baseline field work																				
Baseline reports																				
Impact field work																				
Impact reports																				
Note: Original																				
Actual																				

**Recommendations on software fund were developed, but MOPE decided not to implement it. Instead new software products were planned to be developed through competitive bidding and by the newly established Multimedia Development Center (funded under Information Technology for Basic Education Schools Project, funded by Korean Eximbank).

ICT = information and communication technology; LOI = language of instruction, MOPE = Ministry of Public Education, RTRFF = Republican Textbook Return Fund Foundation, TITLI = Tashkent Institute Textile and Light Industry, TRS = textbook rental scheme, WG = working group

Source: ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the Second Textbook Development Project*. Manila.

COMPLIANCE WITH LOAN COVENANTS

Covenant	Reference in the Loan Agreement	Status of Compliance
General		
1. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 and Schedule 5 to this Loan Agreement. ADB may refuse to finance a contract where goods and services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.	Section 3.03	Complied with.
2. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 30 January 2010 or such other date as may from time to time be agreed between the Borrower and ADB.	Section 3.05	Complied with.
3. The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, social, environmental, and education practices.	Section 4.01(a)	Complied with.
4. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to this Loan Agreement.	Section 4.01 (b)	Complied with.
5. The Borrower shall make available, promptly as needed, the funds, facilities, services and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.	Section 4.02	Complied with.
6. The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The Borrower shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.	Section 4.03 (b)	Complied with.
7. The Borrower shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.	Section 4.06	Complied with.

Covenant	Reference in the Loan Agreement	Status of Compliance
Operation and Maintenance		
8. The Borrower shall ensure that the Project facilities are operated, maintained and repaired in accordance with sound administrative, financial, engineering, environmental, educational, maintenance and operational practices.	Section 4.07	Complied with.
Fielding of Consultants		
9. After the conclusion of negotiations but before the signing of the contract, ADB shall be furnished with the contract as negotiated for approval. Promptly after the contract is signed, ADB shall be furnished with 3 copies of the signed contract. If any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to ADB for approval.	Schedule 5, para 3e.	Complied with.
Project Implementation Arrangements		
10. The Project Executing Agency, MOPE shall have overall responsibility for the carrying out of the Project.	Schedule 6, para. 1	Complied with.
11. The inter-agency Project Steering Committee (PSC) established by the Borrower for BETDP shall be maintained for the Project and be responsible for overall coordination of the Project. PSC shall be chaired by a Deputy Prime Minister and shall comprise of representatives of COM, MOPE and MOF and other related government agencies. PSC shall meet quarterly to review implementation progress, discuss major issues, determine corrective measures, provide broad guidance, ensure coordination among various agencies, and review and advise on the annual implementation plan. Representatives of ADB may attend the PSC meetings as observers.	Schedule 6, para. 2	Complied with.
12. (a) The PIU established for BETDP with MOPE shall be responsible for day-to-day implementation of the Project, including (i) financial management, (ii) bid preparation, evaluation and procurement, (iii) preparation of the detailed Project implementation plan, and (iv) preparation and submission of annual reports and quarterly progress reports to the PSC, Project Director and ADB. The Borrower shall ensure that PIU is staffed with adequate and qualified staff at all times throughout the Project implementation period. The PIU shall be headed by a full-time Project Manager who shall report to the Project Director. (b) The PIU shall have the following units: (i) a procurement unit, (ii) a staff development unit, (iii)	Schedule 6, para. 3	Complied with.

Covenant	Reference in the Loan Agreement	Status of Compliance
<p>finance and accounting unit, and (iv) a monitoring and evaluation unit (MEU). The MEU shall work closely with the Education Reform Implementation and Monitoring Unit of the COM. The PIU staff may be recruited on a full-time or part-time basis, as the circumstances may require.</p>		
<p>13. (a) The Borrower shall appoint a deputy minister of MOPE as the Project Director within one month after the Effective Date. The Project Director shall (i) provide general guidance to the PIU in accordance with decisions of the PSC, including providing the policy input of MOPE for the Project, (ii) arrange quarterly meetings of the PSC and present quarterly reports of such meetings, and (iii) ensure coordination of Project implementation within MOPE.</p> <p>(b) The Borrower shall ensure that the Project Director is charged with similar responsibilities for the ADB-financed Education Sector Development Program (ESDP) (Loans no. 1960/1961) to ensure effective coordination of implementation between the Project and ESDP.</p>	Schedule 6, para. 4	Complied with.
<p>14. The Borrower shall ensure that the NCFWG is established by 1st of February 2005 and its members are selected competitively from amongst eligible candidates who meet the selection criteria agreed between the Borrower and ADB. The NCFWG shall be mainly responsible for development of a national curriculum framework.</p>	Schedule 6, para. 5	Complied with delay. NCFWG began working in April 2007.
<p>15. To develop and institutionalize the legal mechanism necessary to ensure financial sustainability and proper management of the TRS, the Borrower shall:</p> <p>(a) issue a formal decision on the establishment of the RTRFF by 15th of December 2004 as an independent legal entity, in the form of a non-commercial republican foundation, to manage, amongst others, the rental fees accumulated under the TRS and textbook procurement and distribution pursuant to orders placed by school, operating on principles of transparency, accountability, participation by school and parents, and financial prudence, as agreed between the Borrower and ADB; (Date revised to 15 June 2006)</p> <p>(b) prepare and register the RTRFF Charter with prior consultation and agreement of ADB by 30th of January 2005; (Date revised)</p>	Schedule 6, para. 6	<p>Complied with delay.</p> <p>On 1 June 2006, Resolution No. PP-363 "On measures of establishment of Republican Special Book Foundation under the Ministry of Finance of Republic of Uzbekistan" was adopted.</p> <p>On 11 July 2006 RSBFF was registered at the Ministry of Justice.</p> <p>The Executive Director was appointed on 5 December 2006.</p>

Covenant	Reference in the Loan Agreement	Status of Compliance
<p>(c) ensure that the RTRFF is fully operational by 1st of February 2005; and (Date revised to 15 Dec 2006)</p> <p>(d) ensure that RTRFF is governed by a board of trustees that consists of members, representing MOPE, MOF, Ministry of Economy, Ministry of Justice, CBU, parent councils, the Mahalla system, public education departments of the regional and district (<i>oblast</i> and <i>raion</i>) governments and school administrators. ADB shall be entitled to participate in the board of trustees meetings as an observer. The management of the RTRFF shall be appointed by the board of trustees.</p>		<p>The central and regional units of RSBFF are fully staffed. RTRFF is governed by a board of trustees. Minister of MOPE is the Chairman of the board of trustees.</p>
<p>16. The Borrower shall ensure that (i) all textbooks included in the TRS remain valid and usable for at least 4 years after the date of publication or printing with no curriculum changes or changes in approved status which render the purchased books obsolete; (ii) introduction of new syllabi synchronizes with textbook replacement cycles to avoid unnecessary redundancy; (iii) new syllabus for grades 4 and 5 are completed by 30th of September 2006 and introduced by 30th of September 2007, and (v) other grades level revised syllabi are introduced on an annual basis in accordance with their respective replacement cycles.</p>	Schedule 6, para. 7	Complied with.
<p>17. (a) The Borrower shall ensure that provisions of the Borrower's Copyright Law (1996), as may be amended from time to time, are implemented effectively and, in particular, author remunerations are determined between publishers and authors in accordance with the provisions of such law.</p>	Schedule 6, para. 8	<p>Complied with. Resolution of the Cabinet of Ministers №8 «On the statement of rates for author's and other kinds of compensations» dated 08.01.07 was issued.</p>
<p>(b) The Borrower shall continue to take timely and effective measures to improve the policy and regulatory framework of the book sector to enhance competition and private sector growth. The Borrower and ADB shall jointly review the progress in this regard within one year after the Effective Date.</p> <p>(c) The Borrower shall ensure that any interested publisher and printer satisfying the prequalification requirements for bidding under the Project is allowed to participate in the bidding.</p>	Schedule 6, para. 8	Complied with.
<p>18. (a) The Borrower shall approve, by the end of 2005, the selection of about 1,000 pilot school libraries to be supported under the Project in accordance with the criteria agreed between the Borrower and ADB, and shall ensure that 125 of them are identified by the completion of physical improvements before the start of school year 2005/06.</p>	Schedule 6, para. 9	Complied with.

Covenant	Reference in the Loan Agreement	Status of Compliance
(b) The Borrower shall also ensure that physical improvement of pilot school libraries (I) take place prior to procurement for equipment for libraries and is in accordance with the designs agreed between the Borrower and ADB; (b) is closely coordinated with the implementation of other components of the Project; and (c) will neither have negative environmental impact nor entail acquisition or involuntary resettlement.		Complied with.
19. The borrower shall cause MOPE to adopt, by the end of 2005, the national guidelines for school library system to be developed by the Project.	Schedule 6, para. 10	Complied with delay.
20. The Borrower shall adopt measures, by the end of 2005, to improve targeted subsidy for the poor students under the TRS, including establishment of more effective delivery mechanisms with participation of teachers, parents and the Borrower's Mahalla system, based on recommendations of a study to be carried out under the Project.	Loan Agreement, Schedule 6, para. 11	Complied with.
Project Performance Monitoring and Evaluation		
21. The Borrower shall have agreed upon a set of indicators for monitoring and evaluation of the project performance with respect to its goals, purposes and outputs prior to the Effective Date. The Borrower shall cause MOPE to ensure that baseline vales of such indicators are established at the outset of Project implementation and monitoring indicators are measured, with the necessary frequency, during the Project implementation. Comments and findings on these indicators shall be incorporated in every other quarterly report to ADB. In addition, indicators for Project evaluation shall be measured at Project completion and three years thereafter. Where feasible and appropriate, the data collected shall be disaggregated by gender. The Borrower shall also cause MOPE to submit to ADB a report that summarizes the key findings of monitoring and evaluation with respect to changes that occurred in the three preceding years.	Schedule 6, para. 14	Complied with.
Project Review and Reports		
22. The Borrower and ADB shall jointly review the Project's progress at least twice a year. In addition, they shall undertake comprehensive review of Project performance at the end of the first year and a midterm review at the end of the third year of the project implementation period. The first comprehensive review shall focus on the effectiveness of policy advisory work and implementation arrangements. The midterm review shall (i) review the scope, design and	Schedule 6, para. 15	Complied with.

Covenant	Reference in the Loan Agreement	Status of Compliance
<p>implementation arrangements of the Project; (ii) identify any changes required; (iii) assess progress of Project implementation against performance indicators; (iv) establish status of compliance with the covenants of this Loan Agreement; and (v) if necessary, recommend changes in the design or implementation arrangements. The effective functioning of the Paper and Equipment Revolving Funds established with the National Bank of Uzbekistan under BETDP will be a subject of review in all Project reviews.</p>		
<p>23. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for Category 2 until the RTRFF is fully established and operational in a manner specified in paragraph 6 of Schedule 6 to this Loan Agreement.</p>	Schedule 3, para. 10	Complied with.
<p>24. The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than six months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditor's opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures, all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.</p>	Schedule 6, para. 4.05 (a)	Complied with.
<p>25. The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial affairs related to the Project from time to time with the Borrower's auditors and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, only if any such discussion be conducted in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.</p>	Section para. 4.05 b)	Complied with.
<p>26. Without any prejudice to the provisions of Section 4.02 of this Loan Agreement, the Borrower shall ensure that the counterpart funds required for the following expenditures are allocated in a timely manner:</p>	Schedule 6, para. 12	Complied with.

Covenant	Reference in the Loan Agreement	Status of Compliance
(a) procurement of textbooks for the school year 2005/06 and 2006/07; (b) subsidy for around fifteen percent of the enrolled students in the basic education system categorized as socially unprotected who cannot afford the textbook rental fees under the TRS; (c) rehabilitation of and provision of furniture to the 1,000 pilot school libraries according to specifications and implementation schedule agreed upon between the Borrower and ADB; and		
(d) Incremental recurrent costs for operation and maintenance of the refurbished and modernized pilot school libraries.	Schedule 6, para. 13	Complied with.
27. To comply with the requirements of this Loan Agreement with respect to annual submission of audited financial statements, proceeds of the Loan may be used to finance expenditure for private sector auditors and translation of auditor's reports into English, if: (i) such auditors have qualifications, expertise and terms of reference acceptable to ADB; and (ii) the recruitment process is acceptable to ADB.	Schedule 6, para. 13	Complied with.

ADB = Asian Development Bank, BETDP = Basic Education Textbook Development Project, CBU = Central Bank of Uzbekistan, COM = Cabinet of Ministers, ESDP = Education Sector Loan Project, MOF = Ministry of Finance, MOPE = Ministry of Public Education, NCFWG = national curriculum framework working group, PIU = project implementation unit, PSC = project steering committee, RTRFF = Republican Textbook Rental Fund Foundation, TRS = textbook rental scheme

Source: Asian Development Bank, 2010.

SUMMARY OF PROJECT PROCUREMENT ACTIVITIES AND CONTRACTS

		At Appraisal			Actual		
	Description	Number of Contracts	Estimated Value (\$ million)	Procurement Mode	Number of Contracts	Actual Value (\$ million)	Procurement Mode
A.	Equipment						
1.	Furniture for 1,000 School Libraries	1-3	1.35	ICB	1	0.47	NCB
2.	Equipment for Curriculum and Assessment Review Working Groups, Library Development, Partner Institution in Book Sector Development, and Project Implementation Unit (PIU)	3	0.09	LCB	4	0.05	IS/DP
3.	Audiovisual and Training Equipment for 1,000 School Libraries	Multiple	2.15	ICB/LCB	2	0.80	ICB
4.	Computer Hardware and Peripherals for 1,000 School Libraries	1-2	1.00	ICB/LCB	1	1.80	ICB
B.	Textbooks and Instructional Materials						
5.	Instructional Materials - Textbooks and Teacher Guides for Grades 6, 7, and 8	Multiple	24.40	ICB/IS/LCB	18	10.92	NCB/DP
6.	Library Books for 1,000 School Libraries	Multiple	3.00	ICB/LCB	8	1.30	NCB
7.	Uzbek Language Education Programs and Computer Software for School Libraries	Multiple	1.00	LCB/Direct Purchase	-	-	-

ICB = international competitive bidding, IS/DP = international shopping / direct purchase, LCB = local competitive bidding, NCB = national competitive bidding, PIU = project implementation unit

Note: Only small portion of textbooks were procured through direct purchased.

Source: Asian Development Bank, 2010.

CONSULTING SERVICES

Description	At appraisal		Actual	
	Person-month	Cost	Person-month	Cost
A. International Consulting Services				
1. Education Policy Framework	36.00	571,680	15.60	367,627
2. Sustainable provision of textbooks	4.00	48,900	1.70	18,710
3. Book sector development and regulatory framework	9.50	151,200	6.83	108,821
4. School libraries development	11.50	183,300	3.00	50,530
Subtotal A	61.00	955,080	27.13	545,688
B. Domestic Consulting Services				
1. Education Policy Framework	660.00	200,000	490.00	150,000
2. Sustainable provision of textbooks	54.00	75,500	6.00	8,400
3. Book sector development and regulatory framework	36.00	50,400	34.50	48,300
4. School library development	126.00	176,400	96.00	134,400
Subtotal B	876.00	502,300	626.50	341,100
Total	937.00	1,457,380	653.63	886,788

PERFORMANCE OF TEXTBOOK RENTAL SCHEME AND REVIEW OF SUSTAINABILITY OF TEXTBOOK PROVISION

A. TRS Overview

1. In the Uzbekistan education system, textbooks define the body of knowledge students are required to master in each grade, the order in which teachers deliver lessons, and are the basis for assessing student performance. The textbook is the curriculum, the lesson plan, and the teacher's guide. In the first decade since independence, Uzbekistan education depended on old textbooks or those purchased by parents. The second decade is ending with a revival in textbook provision that could be an example to other countries.

2. In the past decade, the ADB has supported government initiatives to improve the quality of education through the Basic Education Textbook Development Project (1998-2004)¹ and the Second Textbook Development Project (2005-2010). Given government budget provision for textbooks for all grade 1 students and for families in need of social protection, and the creation of the Republican Special Book Fund Foundation (RSBFF), all grade 1–9 students have access to good quality, affordable textbooks. The RSBFF is responsible for management of textbook provision financed by the state budget and textbook rental scheme (TRS), employs 11 central office staff and 14 representatives in the regions.

3. The high level of parental acceptance of rental fees and the high level of compliance reported by schools, districts and the RSBFF is evident in the quality of teaching and learning in project schools.

4. The following table shows a simplified version of revenue and expenditure for 2006-2009 reported by the RSBFF. RSBFF revenue exceeded expenditure by SUM18.3 million in 2008 and by SUM9.8 million in 2009, enabling the RSBFF to meet the demand for replacement textbooks in 2010.

Table 1: RSBFF Performance (Revenues and Expenditures)
(SUM millions)

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
A. Beginning Balance	-	55	41,308	59,632	69,398
B. Revenues					
a. Transfers from state budget	-	9,576	9,916	9,077	10,847
b. Textbook rental fees collected	-	52,905 ^c	21,279	23,234	25,400
c. Interest income	-	852	2,739	3,985	3,274
d. Income from recycled books	-	-	461	635	730
e. Other income ^d	3,700	-	300	408	-
Subtotal (B):	3,700	63,333	34,695	37,339	40,251
C. Expenditures					
a. Grade 1 and special schools provision	-	9,446	8,729	6,518	6,210
b. Provision for socially vulnerable children	-	1,638	1,420	2,559	4,636
c. Provision under textbook rental scheme	3,645	6,767	5,413	17,466	38,528
d. Bank agent and RSBFF administration	-	528	809	1,031	683
e. Other expenditure ^(d)	-	3,700	-	-	-
Subtotal (C)	3,645	22,079	16,371	27,574	50,057
D. Revenue less Expenditures	55	41,254	18,324	9,765	(9,806)
E. Ending Balance	55	41,309	59,633	69,398	59,592

¹ ADB.1997. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the Republic of Uzbekistan for the Basic Education Textbook Development Project*. Manila

RSBFF = Republican Special Book Fund Foundation

^a actual performance.

^b RSBFF estimate.

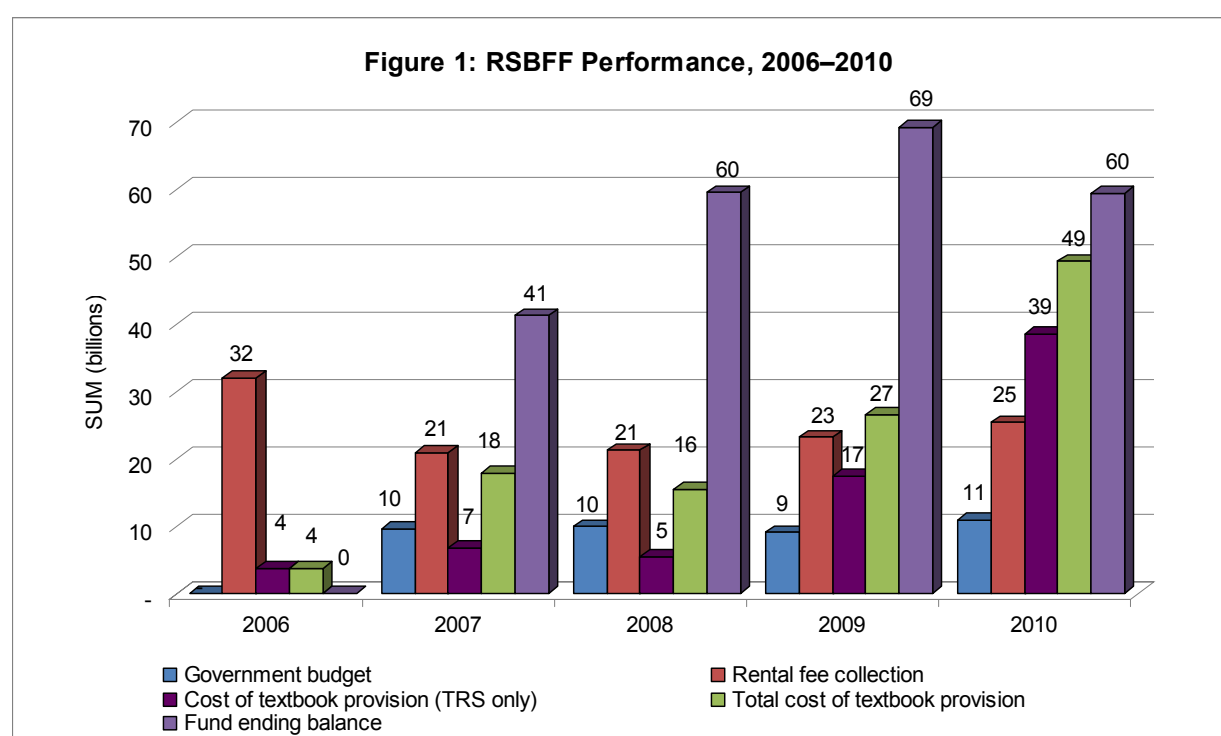
^c In 2007, SUM 32.0 billion Of the rental fees collected in 2001–2006 were recorded by the RSBFF.

^d other income and expenditure includes temporary budget transfer, fees and other contributions.

^e Starting from 2010, RSBFF does not pay to bank agent (Agrobank) as it opened special textbook treasury accounts for schools.

Source: RSBFF (Nov 2010).

5. The Figure 1 summarizes the textbook rental scheme and the RSBFF performance over the past 5 years with 2007 receipts split across the 2 years. Starting 2006/07 school year the second cycle of TRS started with replacement of grade 9 textbooks for which rental collections were used. When cost of printing and distributing textbooks (and teacher guides) exceeds the amount of budget provision and rental fee collection, the RSBFF balance is expected to decline in 2010.



RSBFF = Republican Special Book Fund Foundation, TRS = textbook rental scheme

Note that SUM32 billion represents rental fees collected over 2001–2006. The custody and accountability for it was transferred to RSBFF once it was fully established in 2007.

Source: RSBFF (2010).

D. Fund Sustainability Analysis

6. The implications for the 6 years, 2010–2016, are examined in more detail below. The total cost of textbook provision is shown to demonstrate increasing share of provision under TRS. For example in 2010, out of SUM49 billion procured, SUM39 billion were for TRS, the remaining SUM10 billion for (i) grade 1, special schools (SUM5.3 billion) and (ii) grade 2–9 students from families in need of social protection (SUM4.7 billion).

7. Student enrollments, curriculum policy, and available funding determine textbook expenditure. Grade 1–9 enrollments have been declining over recent years, partly because a smaller age 5–9 cohort has been passing through primary grades 1–4 and will affect grades 5–9 in the next 5 years.

Table 2: Grades 1–9 Enrollments, 2006–2010

School Year	No. of Students	Including Girls	% of Girls
2006/07	5,268,810	2,573,099	48.8
2007/08	5,095,981	2,507,688	49.2
2008/09	4,946,506	2,413,490	48.8
2009/10	4,807,484	2,353,807	49.0

MOPE = Ministry of Public Education, No. = number,

Source: MOPE website <http://uzedu.uz/uzb/info/schools/20092010/> (Nov 2010).**Table 3: Population Age 0–19 Years in 2008**

Age	Male	Female	Total	% of Total
00-04	1,458,000	1,375,000	2,833,000	10.2
05-09	1,304,000	1,235,000	2,539,000	9.1
10-14	1,525,000	1,453,000	2,978,000	10.7
15-19	1,641,000	1,581,000	3,222,000	11.6

Source: Center for Economic Research, *Uzbekistan Almanac 2010*, pp. 39,42.

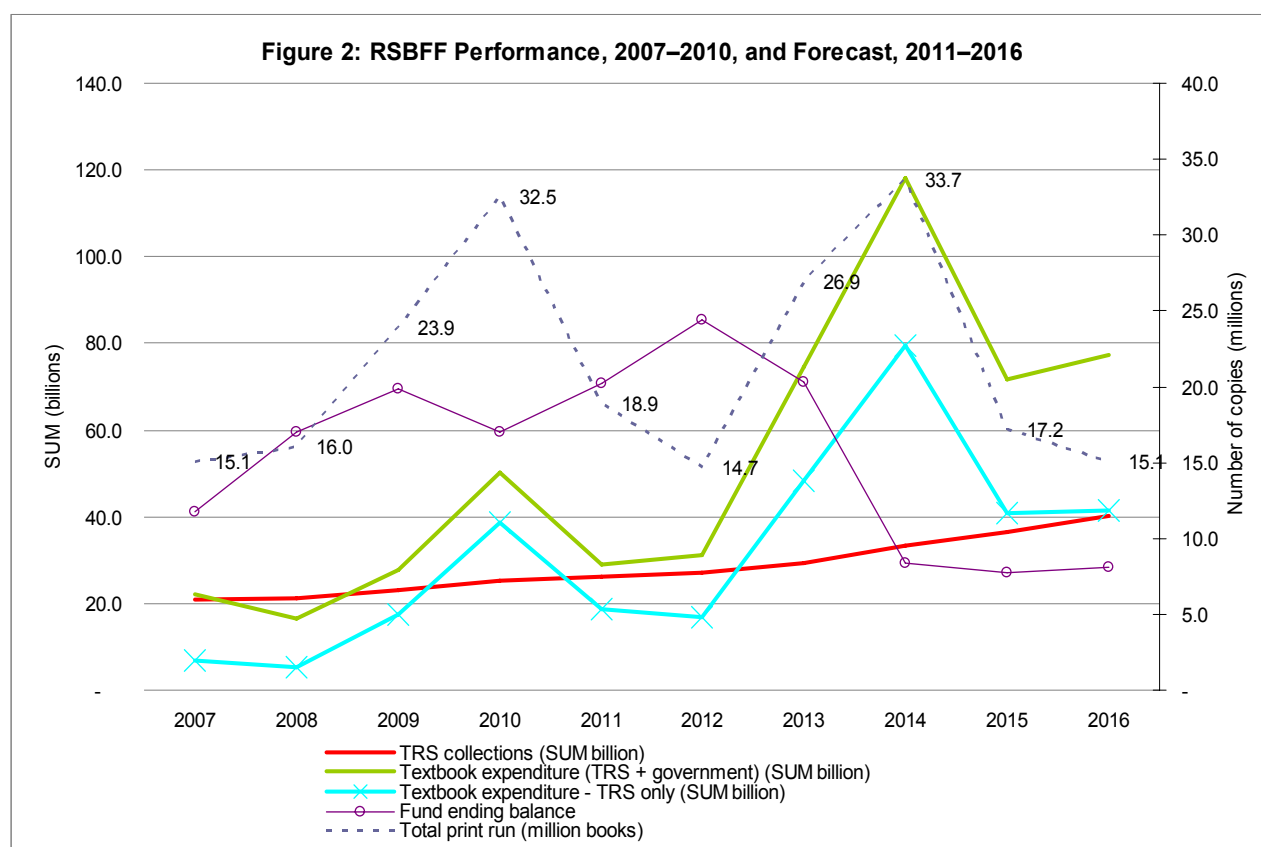
8. The RSBFF projections of grade 1–9 enrollments fluctuating between 4.7 million and 4.8 million from 2009/2010 through 2015/2016 are consistent with the 2008 demographic profile. Grade 1 enrollments are assumed to exceed 500,000 in 2012 and 600,000 in 2016 and would increase textbook demand in grades 1–4 in the short term and grade 5–9 enrollments from about 2018. Such demographics could increase the demand for print run by around 40,000 students per grade.

9. The rental fee currently is accounted as follow:

$$\text{Rental fee for a set of books for one grade} = \frac{[(\text{Cost of textbook} + \text{Fund administrative expenses} + \text{Other expenses}) - (\text{Interest income} + \text{Income from recycled books} + \text{Other income})] \times (\text{Inflation factor for the rental period})}{(\text{Expected no. of years in use}) \times (\text{TRS coverage rate})}$$

10. In general the formula aimed at cost recovery. However, the current formula is not adjusted for changes in the enrollment, so there may be risk of shortage of RSBFF procurement of textbooks for the next cycle due to increase in enrollment. It may also result in savings in years where enrollments are declining.

11. Population projections are taken as given, but the sustainability of the RSBFF will depend on the numbers of textbooks provided to students in each grade, the durability of the textbooks, the languages in which textbooks are produced and whether rental fees are sufficient to recover the higher paper costs of replacement textbooks.



TRS = textbook rental scheme.

Source: RSBFF and Asian Development Bank estimates (Nov 2010).

12. Under current textbook policies, grade 1–4 textbooks are replaced every 2 years and grade 5–9 textbooks every 4 years. The immediate impact is that every 4 years, five of nine grades receive new textbooks. In the Figure 2 above, the forecast 2011–2016, the gap between expenditure in 2014 and rental fee collection highlights the potential risks to the TRS.

13. In the above analysis, the RSBFF is conservative in estimating rental fees and total collection while estimates for textbook cost escalation are high. This may be justified given that textbook producers use imported paper and increase in minimum wages in recent years. **Under this conservative scenario, the assessment is that the RSBFF is most likely sustainable in the mid-term (5 years) and is likely to be sustainable in the long run (5–10 years).**

C. Recommendations

14. At the same time without continuous reform to curriculum and adjustments to the TRS, the RSBFF may face a sustainability issue in the longer period (10–15 years). The government is faced with uneasy choices, but the following options, based on discussion with beneficiaries and specialists, are presented in order of complexity:

- (i) Extend the life-cycle of books to 3 years (grades 2–4) and 5 years (grades 5–9).
- (ii) Revise policy on renewing each year some textbooks for grade 1, allowing annual reprinting of only ABC book and workbooks. Other textbooks should be used for at least two, preferably three years.
- (iii) Review and/or revise formula for rental fees based on the replacement (especially paper) cost of textbooks, with account to future enrollment.
- (iv) Reduce the number of titles (by replacing only core subjects).
- (v) Provide direct subsidy from state budget for textbooks in minority languages where cost and/or fee is subsidized. This subsidy could be annual or at the time of reprinting.
- (vi) Move to a longer-term curriculum review framework (subject-based, not by grade). This could allow to use textbooks in at least two 4-year cycles without change.
- (vii) Reduce dependence on textbooks through promoting student-centered learning.

15. Implementing computerized textbook ordering system to ensure better monitoring of TRS is important. The system should also allow for rental fees collections monitoring to ensure better monitoring and data analysis to address issues in a timely manner. While current paper based textbook ordering system reflects the reality, there is a time lag between decision made by the school and decision of RSBFF and MOPE. Introducing new system will improve textbook inventory and stock management.

16. Part of the general policy review under project component 1 and the development of school libraries as learning resource centers (component 4 plus the Information and Communication Technology in Basic Education Project) were expected to inform ministry decisions about the options it could evaluate and cost, and present recommendations to the government. Each option is examined briefly below.

- (i) **Extend the life-cycle of textbooks:** Higher quality printing and paper plus laminated soft cover and reinforced bindings should make textbooks last more than two to four years. Review and visits to schools demonstrated that most books are still in satisfactory condition after 4 years. Extending the life-cycle to 3 years in primary grades and to 5 years in upper grades allows more time for the RSBFF to recover costs and reduce rental fees. These are technical issues upon which the MOPE and the RSBFF are best placed to advise the government.
- (ii) **Review the necessity of printing new grade 1 textbooks every year:** (or consider limiting to fewer subjects or workbooks and/or printed on lower quality paper). There is a subsidiary issue, where some distinction is made between reprinting versus substantive curriculum change; with the latter being part of a 10-year cycle or longer (see v below).
- (iii) **Review Rental Fees Formula to aim at cost recovery:** The current fee formula applies only official indicators and assumptions which may not cover price escalation for imported paper. The RSBFF should also review its assumption on cost escalation and account for future enrollment. RSBFF and major printing firms should be able to review 2006–2010 cost changes and provide a recommendation to government on any change in formula.
- (iv) **Reduce the number of titles to be printed:**
 - (a) Expand student workbooks in early grades to include both brief subject information and student exercises which teachers could include in student assessment. Only core textbooks should be produced, or the volume of

information could be reduced and teacher guides expanded. There is also a link to promoting student centered learning (see vi below).

- (b) Non-core subjects (with fewer than “N” hours per week) could be replaced by teacher guides, classroom display materials and/or library/learning center resources. Some specific examples could include grade 1 physical education and music and grade 2 physical education. The subjects have an important place in the curriculum but do not require expensive books. However, if textbook is still required, there is no need to print them for all students but rather to have a set in the school library that could be borrowed by teacher during the class. Students should be encouraged to use books in the library.
- (c) Identify core subjects in grades 5–9 as priority for printing, and only re-print non-core subjects when all stocks have been exhausted. Classification of subjects as core and non-core requires careful pedagogical discussion, about whether they are contributing to fundamental learning skills, literacy and numeracy, and/or whether they provide foundations for more technical subjects in higher grades (including professional colleges and academic lyceums).
- (d) Examine curriculum requirements on languages of instruction in senior secondary education, and whether minority language students are being adequately prepared for transition to Uzbek and when applicable to Karakalpak and/or Russian at the end of grade 9. A strong pedagogical case could be made for an earlier transition to these languages in mathematics and physical sciences if students are to undertake further study in those subjects after grade 9. This is strengthening the educational protections for minority language groups not diminishing the value of their mother-tongue.
- (e) Engage in discussion on language of instruction policy across all subjects, especially in minority languages where there are fewer than 1,000 students per grade. Strategies could be developed to enable transition into Uzbek, and when applicable Karakalpak and/or Russian languages. Where minority communities have functional Uzbek or Russian language skills, subject provision in Uzbek or Russian strengthens those skills and encourages education beyond grade 9. Other than native language and literature, there may be limited merit in publication of multiple titles in minority languages if they do not contribute to employment opportunities. The savings could be better spent on minority community language and literature materials in library/learning resource centers.
- (v) **Move to a longer-term curriculum framework:** Educational authorities and professional educators should be looking to the learning skills and education children born in 2010 will require when they enter senior secondary education in 2020 and higher education or the labor market in 2030. The short-term focus on textbook review and revision detracts from the strategic challenges for teaching and learning in the next two decades. Some of those challenges need to provide high cognitive skills in accessing electronic information, selecting worthwhile information from the mass of materials being generated, and retaining the underlying beliefs, values, and philosophies of the past 5,000 years.
- (vi) **Student-centered learning:** The term may have different meanings in the English-language, ranging from developing self-study and private study skills in students through assignments which contribute to a cumulative assessment, to classroom activities which

encourage student participation (with teacher as a resource person/advisor), to using available computer technology and communications (ICT) resources to support learning. By definition, SCL is less dependent on textbooks.

17. These are issues which educators in Uzbekistan should discuss so that the government can move to a more efficient and cost-effective approach to provision of textbooks, workbooks, and teachers' guides.

OVERALL ASSESSMENT

Criterion	Weight (%)	Rating		Rating Weight
		Definition	Value	
Relevance	20	Highly relevant	3	0.60
Effectiveness	30	Effective	2	0.60
Efficiency	30	Efficient	2	0.60
Sustainability	20	Most likely	3	0.60
Weighted average				2.4

OVERALL RATING		SUCCESSFUL
Overall assessment: (weighted average of above criteria)	Highly Successful: Overall weighted average is greater than or equal to 2.7	
	Successful: Overall weighted average is greater than or equal to 1.6 and less than 2.7	
	Partly Successful: Overall weighted average is greater than or equal to 0.8 and less than 1.6	
	Unsuccessful: Overall weighted average is less than 0.8	

Source: ADB, 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.