## Project Context

### Country Context

China has one of the world's fastest growing economies. In 2014, China became the largest economy in the world in terms of Gross Domestic Product (GDP) on the purchasing power basis and is increasingly playing an important and influential role in the global economy. The percentage of poor people has decreased substantially in the last four decades, as less than 10 percent of the population lived below the national poverty line of RMB 2,300 (approximately US$1.03 per day) by the end of 2013. Measured by GDP per capita, however, China is significantly lower in the global ranks at about US$6,629 in 2013. The Gini coefficient has remained at a relatively high level between 0.47 and 0.49 during the past 10 years, indicating persistent and sometimes worsening inequality as the economy grows.

Yunnan is one of the least developed provinces in China, hosting more than 10 percent of the total...
poor population in the country. Located at the southwest side of China, bordering Laos, Myanmar, and Vietnam, Yunnan is a medium-sized Chinese province with a population of 46 million, of which 30 million reside in rural areas and 16 million in urban areas. Nearly 84 percent of Yunnan's land mass is rural and mountainous. Yunnan is considered the third poorest province (next to Gansu and Guizhou) in the country with a per capita GDP of US$4,050 and rural net income per capita of only about US$1,000 in 2013. Approximately 22 percent of its population, or 10 million people, still live below the national poverty line. Out of its 189 counties, Yunnan has 85 national-level poverty counties. Yunnan further distinguishes itself from the other Chinese provinces in that only 66 percent of the Yunnan population is ethnic Han. The remaining one third of the population, or 15 million, is comprised of 25 other ethnic groups out of the total of 55 ethnic groups in the country.

**Sectoral and institutional Context**

Early childhood education (ECE) is gaining attention as an important national education policy concern. By 2010, China had largely achieved the two "basics" of universal 9-year basic education and the eradication of adult illiteracy. The Chinese Government began to devote increased attention to policy and program development of ECE. Although China does not yet have a specific ECE law, it has established an elaborate set of guidelines and regulations pertaining to ECE. The most prominent one is the Medium- and Long-Term Education Development Plan Outline (2010-2020), which establishes year 2020 targets for achieving kindergarten enrollment for 95 percent of 5-year-olds, 80 percent of 4-year-olds, and 70 percent of 3-year-olds.

China has registered impressive expansion of ECE services and enrollments, although inequitably. The gross enrollment ratio (GER) for preprimary education increased from 38 percent in 2002, to 50 percent in 2007, and to 74 percent in 2013, which is at par with the level of kindergarten GER in many developed countries including the United States. However, kindergarten education is not yet part of the free and compulsory basic education system in China. The financing of kindergarten programs comes largely from local governments or the private sector. Based on 2011 Ministry of Education statistics, kindergarten education accounts for 13 percent of total educational enrollment, but commands no more than 2.1 percent of the national educational budget. Over 59 percent of total educational funds come from nongovernmental sources, which implies a much heavier financial reliance on private investment.

There are great disparities in enrollment in ECE services across eastern and western provinces and between rural and urban localities. The western provinces consistently lag behind the eastern provinces in terms of enrollment. In 2010, average three-year enrollment ratio for the western province was 63 percent compared to 72 percent for the eastern provinces. Significant disparity exists between urban and rural gross enrollment ratio for three-year and one-year kindergartens. The urban-rural gap is also reflected in the quantity and quality of kindergarten teachers in China. Currently, the urban teacher-student ratio and the average number of teachers per class are up to two, and sometimes three, times higher than those in rural areas.

Yunnan, being one of the poorest provinces, faces more acute challenges in improving ECE access and quality. In 2013, Yunnan's GER for 3 to 6-year-old children was about 54 percent, over 13 percentage points lower than the national average, and the average student-teacher ratio was 30:1 compared to the national average of 26:1. Within Yunnan, rural prefectures such as Zhaotong achieved only 33 percent GER in 2011 compared to 95 percent in the capital city of Kunming. According to the 2013 World Bank study of the state of ECE in Yunnan, a sample of 24
kindergartens across urban and rural parts of Kunming rated significantly low on most attributes (including program structure, activities, personal care, language, and interactions) on the Early Childhood Environment Rating Scale-Revisited (ECERS-R). Moreover, in many rural areas, children have access to only one year of kindergarten classes which are attached to the local public primary schools. These schools tend to have large class sizes, lack of teaching-learning materials, and developmentally inappropriate teaching practices.

II. Proposed Development Objectives
The Project Development Objective is to improve the access and quality of ECE provision in the project counties in Yunnan Province.

III. Project Description

Component Name
Component 1: Increasing Access to ECE Programs in the project counties

Comments (optional)
This component will focus on: (1a) constructing and equipping fifteen kindergartens across the seven project counties, with a total of 140 classes; (1b) constructing and equipping two university affiliated research kindergartens in Kunming University and Zhaotong University with a total of 24 classes; (1c) piloting rural community-based ECE centers in Weishan and Qiaojia counties; and (1d) constructing and equipping an early childhood special education center in Kunming University with six full-time special education classes and ongoing rehabilitation services for 0-6 year olds with special needs.

Component Name
Component 2: Improving ECE Quality

Comments (optional)
This component will focus on improving the quality of ECE by: (2a) providing structured in-service training of all ECE teachers, managers and staff; (2b) strengthening teacher education programs in the three participating universities; (2c) establishing ECE research/training centers; and (2d) providing a minimum teaching and learning package to all rural preprimary classes in the project counties.

Component Name
Component 3: Creating an ECE Enabling Environment

Comments (optional)
This component has been designed to create a favorable policy and social environment conducive to quality provision of ECE services in the province, through: (3a) developing and piloting ECE institutional quality standards; (3b) campaigning for ECE information and advocacy and scientific childrearing practices; and (3c) supporting continuous policy development in ECE.

Component Name
Component 4: Project Management, Monitoring and Evaluation

Comments (optional)
This component is designed to finance activities under (4a) project management and (4b) M&E.

IV. Financing (in USD Million)

| Total Project Cost: | 78.59 | Total Bank Financing: | 50.00 |

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V. **Implementation**

The project will be coordinated and implemented by the Yunnan Provincial Project Management Office (PPMO) located in the Provincial Department of Education, seven project counties and three participating universities. The PPMO in the Department of Education will have the overall day-to-day responsibility for coordinating project implementation in project counties and universities and for executing provincial activities.

The PPMO has established a Project Steering Committee, which is headed by the Director-General of the Provincial Department of Education and consists of directors from various functional divisions of basic education, foreign loan management, and private education. The committee will provide overall guidance, facilitate project preparation and implementation, and ensure the alignment of the project with the provincial Medium- and Long-Term Education Development Plan 2020 and the 2nd Three-Year ECE Action Plan (2015-2017).

At the technical level, the project has mobilized an ECE Provincial Expert Team (PET) composed of prominent expert figures from the local and national universities and think tanks, as well as potential international ECE experts.

At the project county and university levels, PIUs have been established. The county PIUs are headed by officials of the local education bureau, and all PIUs are staffed by designated personnel and have ECE expertise, as well as knowledge on finance, procurement, and M&E.

A Project Implementation Plan (PIP) has been prepared and will be finalized by negotiations. The PIP will provide implementation guidelines for all aspects of the project including general administration, procurement, FM, safeguards management, and M&E.

VI. **Safeguard Policies (including public consultation)**

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Comments (optional)

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