

EDUCATION REFORM AND INVESTMENT PROGRAM

(AR-0122)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: The Argentine Nation

EXECUTING AGENCY: The Ministry of Culture and Education, with the participation of the provinces that sign a participation agreement to join the program.

AMOUNT AND SOURCE:

IDB:	US\$300 million (OC)
Local counterpart funding:	US\$300 million
Total:	US\$600 million

FINANCIAL TERMS AND CONDITIONS:

Amortization period:	20 years
Disbursement period:	5 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%

OBJECTIVES: This program is part of a process aimed at reforming Argentina's education system to correct inequities under what is being termed the "social debt" and develop the basic human skills and scientific and technical capabilities of which the country is in vital need to compete successfully in international markets in the next century.

The objective of the program is to provide support to the provincial governments for: (i) improving the quality and increasing the coverage of preprimary and basic general education, with particular attention to the neediest population groups; and (ii) improving the efficiency and equity of the education system through effective implementation of the Federal Education Act.

DESCRIPTION: This is a five-year program consisting of a package of provincial projects that were designed and will be executed by the provincial governments themselves, with assistance and coordination provided by the national government.

Each provincial project has a reform and an investment component, the two being mutually reinforcing. The reform component includes funding for advisers and other technical resources needed for preparing

and evaluating sequential actions aimed at setting up, in the provinces, the institutional, financial, and education management and delivery frameworks required under the new Federal Education Act of 1993. These actions fall into five categories: (a) institutional aspects; (b) financial aspects; (c) teachers; (d) curriculum design and implementation; and (e) infrastructure and equipment.

The investment component will finance the increase in numbers and improvement in the quality of the physical and human resources available to the provinces. These investments are classified as: (a) teacher training and development; (b) innovative education projects; (c) procurement and distribution of textbooks and other teaching materials; (d) infrastructure; and (e) equipment.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of November 16, 1992, classified this as a Category II operation.

BENEFITS:

This program, in conjunction with other reform and investment efforts in Argentina's education sector, is expected to yield the following benefits in the long term: (a) a substantial and widespread increase in the knowledge being acquired by Argentiniens in the education system, as determined by objective learning measurements; (b) greater relevance of the instruction to the country's economic and social development, scientific and technological capability, and labor market requirements; (c) expanded coverage of preprimary and basic general education, reflected in higher net enrollment ratios and reductions in absolute numbers of those without access to schooling; (d) an easing of regional and social inequities in terms of access to good-quality education and the inputs this requires (curricula, teachers, infrastructure, equipment, materials, etc.); (e) more efficient use of resources by the education system, as determined by objective efficiency measurements; and (f) greater autonomy in the operation of school units, and stronger local community involvement in their management and administration. All of this would contribute to the advancement of society and ensure that many more would partake of the process.

**TARGETING TO LOW-
INCOME GROUPS:**

Pursuant to the provisions of the Eighth Replenishment document (AB-1704), it has been determined that the proposed program fulfills the mandate to target assistance to the poor: it is designed to support preprimary and basic education, and a substantial percentage of its prospective beneficiaries are poor, in accordance with prevailing conditions in

Argentina. Moreover, a number of elements in the program will be specifically targeted to the low-income population.

RISKS:

Authentic education reform in any country is a historic, massive, and complex process calling for a resolute and sustained national political will. The principal risk of failure in this process arises in the absence of a national consensus as to the direction the process should take or a break in continuity in the magnitude or priority of the requisite effort. Disputes and tensions with respect to teachers' salaries, forms of contracting, evaluation, transfers, training, and retirement, particularly during electoral periods, constitute the chief risk to the process in Argentina. It should be noted, also, that any adverse change in the country's macroeconomic performance, fiscal situation, or revenue-sharing pool would doubtless create additional problems for the reform process.

The program presented herein is also subject to risks of slow and inefficient implementation resulting from institutional weaknesses at present in some provinces.

To the extent possible, these risks have been taken into account in designing the program, and measures have been included to avert them or ease their impact. For example, the program calls for substantial technical assistance to help the provinces bolster their analytical capacity and their program- and project-execution structures.

**SPECIAL
CONTRACTUAL
CONDITIONS: 1/**

The conditions satisfied before the loan is approved will be manifested, i.e.: definition, by the Federal Council on Culture and Education, of the general criteria for the accreditation of teacher-training institutions; initial operation of a federal refresher training network for teachers and professors; the signing of the Federal Education Pact by the Argentine Nation, the 23 provinces, and the Municipality of Buenos Aires; approval of the content of the basic curriculum for preprimary and basic general education; and agreement with the Bank on the conceptual matrix for the program and the matrix of minimum requirements for provincial projects.

As conditions precedent to the first disbursement (paragraph 3.4) it will be necessary to provide evidence that a national coordination unit has been established and equipped to perform its function, that the national coordination unit's plan of

activities, coordination, and evaluation has been adopted, that the program's Operating Regulations have been adopted, and that an agreement for the participation of provinces in the program has been signed with at least one province. It also must be demonstrated that the prerequisites for the first disbursement established in the participation agreement have been declared to have been satisfied.

The loan contract will also include provisions to ensure the application of the pertinent Bank rules governing the procurement of goods and services, the hiring of consultants, and the monitoring and evaluation of the program (paragraphs 3.9 et seq.).

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The strategy of the Bank's lending program pursues the following objectives: (i) consolidation of the public-sector structural reform; (ii) heightening of efficiency and competitiveness in the private production sector; and (iii) improvement of the quality and availability of social services for the low-income population. The proposed program would contribute directly to attainment of the first and third objectives. In the longer run, it would also help achieve the second objective, since human-resources development is an essential requirement for raising the efficiency and competitiveness of productive activities.

**EXCEPTIONS TO
BANK POLICY:**

No exceptions to Bank policies are called for in the operation. However, to expedite the program and facilitate Country Office oversight, a change is being proposed in the procedures for reviewing the selection and hiring of consulting services, whereby ex post reviews would be conducted, through sampling, in the case of individual consultants' contracts worth less than US\$50,000 and consulting-firm contracts under US\$100,000 (see paragraph 3.15).

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The draft loan contract for this operation is available for consultation by the Executive Directors.

I. FRAME OF REFERENCE

A. Introduction

- 1.1 The economic program of the Argentine government is directed to laying the groundwork for sustained growth. Achievement of this objective requires efforts to raise productivity and make Argentine products more competitive, to enable the country to attain a new position in the world economy, grounded not only in its natural comparative advantages but also in its ability to generate exportable added value based on know-how, expertise, and the incorporation of technological advances into productive activities. The national and provincial governments are also paying special attention to the strengthening of social services, to improve the quality and number of health, education, and social security programs and attend to the neediest population groups, who have borne a disproportionate share of the hardships imposed by the economic crisis and the subsequent period of adjustment. Education is accordingly taking on a special relevance for reasons pertaining to long-range economic viability and social equity.
 - 1.2 As a consequence, the Argentine government has instituted processes aimed at reforming, expanding, and improving the education system pursuant to the 1993 Federal Education Act. The proposed operation constitutes an effort, coordinated and promoted by the national government through the Ministry of Culture and Education, to support a series of reform and investment projects designed by the provincial jurisdictions ^{1/} which will be implemented by the provincial governments within the framework of a federal system prescribed by the Argentine Constitution and the Federal Education Act.
- ### B. Summary of the situation of the education sector (Annex I-1)
- 1.3 Primary-school enrollment ratios indicate that in general the country has achieved virtually universal coverage, surpassing or comparable to that of other countries of the region. In 1991, the enrollment ratio for children from 6 to 12 was 95.6% for the country as a whole. Every province had a net enrollment rate of over 88%, the average rate for the middle-income countries of the region being 89%. Coverage at the preprimary and middle levels is lower than that for the primary level. The average enrollment ratio for 5-year-olds is 72.6% (1991), ranging in the various provinces from 50% to 87%, while the rate for 4-year-olds is only 43%. The average for the secondary level in 1991 was 53.5%, with ratios in individual provinces ranging from 38% to 72%.

^{1/} The 23 provinces and the Municipality of Buenos Aires.

- 1.4 These averages, however, fail to convey significant weaknesses and marked disparities across the Argentine education system. Particularly since the economic crisis of the 1980s, serious deficiencies in educational services have come to light. The major shortcomings are: (i) problems in the quality of instruction, signaled by high repeater rates (10% at the primary level and 30.5% in the first grade); a lack of connection between teaching content and socio-economic requirements, and poor performance by students in tests of knowledge and skills. The first national learning evaluation exercise based on the use of standardized tests, conducted in November 1993, showed that seventh-grade primary students were getting 50% or less of the answers right in the language section of the test and 53% or less correct in the mathematics portion; at the intermediate level, the correct answer average in language was 62% for students in the *bachiller* and business programs and 60% for those in the technical schools; in the mathematics part of the test the figures were 44% and 50%, respectively; (ii) unequal opportunities, reflected in sharply disparate coverage rates, textbook access, pupil-teacher ratios, and repeater rates for the various provinces and socioeconomic levels; and (iii) inefficiency of the system for the reasons noted and owing to poor sectoral management and low investment in primary education and in requirements other than teacher compensation.
- 1.5 Higher education has grown rapidly since 1960, but at the same time the overall quality of instruction and research has deteriorated and student drop-out rates have risen, particularly in the lower years at public universities, which are free and require no entry examinations.
- 1.6 In contrast to the situation prevailing in the first part of the present century, Argentina's teachers find that their social standing has taken a downward turn in the wake of the economic crisis and the period of adjustment: their real salary, self-esteem, and motivation have all dwindled. The erosion of the status of teachers at every educational level and the loss of professionalism in the teaching profession have been identified as both cause and effect of the system's deterioration.

C. Education reform initiatives

- 1.7 Even though the National Constitution in force since 1853 stipulates that operation and administration of education systems are functions of the provincial governments, the national government has played a direct and significant role in the delivery of education since the turn of the century with the aim of filling the gaps left by the provinces. This has led to a highly centralized educational system in which institutions at every level are directly dependent on the national government. The 1960s saw the start of a process to transfer national primary schools to the provinces, which was completed by the military government in 1978.

Law 24,049 of 1992 called for the transfer of secondary and non-university post-secondary educational establishments, and this was completed in January 1994 with the signing of agreements between the Argentine Nation and the various jurisdictions under a cost-sharing arrangement. Accordingly, at this writing, all schools have been transferred to the provinces and the national government's responsibility in education matters is confined to the development of national education policies, system-related evaluation, regulation, and compensation functions, and operation of the national universities. In the case of the provincial governments, while there is consensus regarding the need for greater autonomy of school units and for local involvement in their management and administration, each jurisdiction is free to establish the type of management for its education system and the extent, characteristics, and timing for its decentralization.

- 1.8 In response to the need for an effective policy framework to guide the development of the federal education system, the National Congress in April 1993 enacted Law 24,095, known as the Federal Education Act, setting forth the objectives of education, the general principles of education policy, the functions of the State, and the role of the family, the community, and private enterprise.
- 1.9 The Federal Education Act (i) seeks to foster federalism and the decentralization of education by spelling out the functions of the national and provincial governments and identifying the school as the basic unit of the system; (ii) redefines the structure of the system as follows: preprimary education, consisting of kindergarten for children from 3 to 5; nine years of basic general education, divided into three cycles, beginning at age 6; three years of multimodal education; higher education (university and non-university), and postgraduate education; compulsory school attendance has been extended from 7 years to 10 with the addition of a year of early childhood (preprimary) education for 5-year-olds and two more years of basic education for a total of nine (primary education formerly lasted seven years); (iii) provides for improving the quality of education through curriculum updating, teacher training, and the creation of a National Quality Assessment System; (iv) guarantees equal opportunity and free access to public schools to comply with compulsory-schooling mandates; and (v) stipulates that consolidated public spending is to rise by at least 20% a year beginning with the 1993 budget until the level of such outlays has doubled or there has been a 50% increase in the percentage share of education expenditure in GDP, whichever is greater.
- 1.10 Although the Federal Education Act does not envisage a comprehensive reform of the university subsystem, the government has taken steps to encourage efforts aimed at the improvement of university instruction and research, mainly in the form of additional funding tied to rigorous evaluations of specific projects. In addition, measures are being developed for the purpose of (i) differentiating between universities and institutions that

offer short-term post-secondary programs (like community colleges in the United States and France's technological institutes); (ii) facilitating an increase in the resources of higher-education institutions through tuition fees; (iii) promoting closer ties between higher-education establishments and other institutions in society, particularly those in the national production system; and (iv) tying any increase in public university funding to compliance with specific performance criteria by the institutions concerned.

D. Reform of the Ministry of Culture and Education

- 1.11 The national Ministry of Culture and Education acquired strategic functions and, in 1993, adopted a new structure which did away with all the units formerly responsible for direct operation of the system. The ministry is presently organized around three bureaus (secretariats) directly related to the new functions indicated in paragraph 1.7. It is now responsible for promoting and coordinating (i) international technical and financial assistance for education; (ii) creation of the Federal Educational Information Network (to provide a reliable database that is essential for sector evaluation and feedback); and (iii) start-up of the National Educational Quality Assessment System, to determine how much students are actually learning and come up with policies for improving the quality of education throughout the country.

E. The Federal Council on Culture and Education

- 1.12 The Federal Council on Culture and Education, chaired by the national minister and consisting of those responsible for education in each jurisdiction, is the political locus for the coordination of, and consultation on concerted action for, the national education system. The Council is the scenario upon which national consensuses are forged, experiences are pooled, and agreements are reached on methodologies for improving education and applying the new Act. For example, the Council developed the Federal Education Pact signed in September 1994, and reached agreement on the criteria for phased implementation of the new system. The content of the common core curriculum was defined, and the Federal Teacher-Training Network was configured.

F. Reforms of the provincial education systems

- 1.13 Effective implementation of the Federal Education Act requires a rethinking of the education system at the provincial level, to give schools and the education community a broad degree of autonomy. At the present time, the provincial structures for the management and administration of educational programs are generally centralized and concentrate decision-making authority (for instance, the power to decide on teacher pay, hiring, transfer, and dismissal) at the upper levels or levels. With few exceptions, these decision-making processes make no provision for participatory mechanisms, discourage operational autonomy, and are not equipped to detect and

respond to demands of the educational community. While this diagnosis is backed by a broad consensus, there are widely diverse opinions in the various provinces with regard to the specific features of the solutions that are needed. All of the provinces agree on the need for careful study of those solutions and of the ones with respect to funding of school units.

- 1.14 In 12 provinces, education is managed under a dual institutional arrangement consisting of the provincial Ministry of Education and a Provincial Education Council or General Education Council. The Council is typically responsible for preprimary and primary schooling and the provincial ministries for secondary and post-secondary education. These entities are generally characterized by centralism, rigidity, and weak coordination with one another.

G. Financing of education

- 1.15 In 1989, as a result of the economic crisis, consolidated public spending on the education sector equaled only 2% of GDP, far below the average of 4.1% of GDP for Latin America as a whole. This neglect of the social sector contributed to a downturn in the quality of education, teacher pay, and investments in the sector. After 1989, however, spending on education began to increase and, indeed, rose by 72% over the period from 1991 to 1993. In 1993, consolidated public spending on education - 80% by the provinces and 20% by the national Ministry of Culture and Education (MCE) - was equal to 3.2% of GDP. The ministry's outlays were funded by the national budget in the absence of any source of revenue earmarked specifically for education.
- 1.16 The allocation of MCE funding by object of expenditure has shifted substantially as a result of the transfer of services and internal reforms in the ministry. Personnel costs dropped from US\$277 million in 1992 to US\$89 million in 1994 (from 19% to 4% of the ministry's total budget). Transfer payments to universities rose from US\$919 million in 1992 to US\$1.403 billion in 1994 (62% of the MCE budget in 1992 and 69% in 1994). Transfers to the provinces increased from US\$150 million (14% of the MCE budget) in 1992 to US\$367 million (20%) in 1994. These transfers are made primarily through compensatory programs targeted to low-income areas. In 1993 the provincial governments spent a total of US\$6.7 billion - up 80% from 1991 - on education; the increase derived largely from the assumption of responsibility for operation of the services transferred. Half (50%) of this spending went to the preprimary and primary levels, 25% to the intermediate level, and 3% to the non-university higher level; the balance covered costs not assigned to any specific level. Between 75% and 98% of provincial expenditure on education goes for salaries; this makes for rigidity in resource allocation and limits non-salary spending.
- 1.17 In spite of the sharp increase from 1991 to 1994, inadequate provincial spending on education is still a common denominator in

all of the jurisdictions. This limits the funding to meet demands for non-salary inputs and for necessary increases in teacher pay, which is generally very low. Accordingly, increasing the funding constitutes a challenge to the provincial authorities as well as an obligation pursuant to the new Federal Education Act.

- 1.18 Provincial education expenditures are funded out of general provincial revenues, 30% of which (on average) are derived from provincial sources, mainly from the proceeds of provincial sales taxes, which replaced the tax on gross receipts, and the real property tax, and 70% from national sources (federal revenue-sharing, which accounts for 77% of transferred revenues; oil and gas royalties; and resources earmarked for the highway, housing, and social-security funds). Eight provinces have tax revenues specifically earmarked for education; in none of these cases, however, do such revenues defray over 10% of education expenditures. In transferring secondary and post-secondary education services to the provinces, an arrangement similar to earmarking was used to channel national funds. A sum representing the cost of the services transferred began to be "withheld" from the revenue-sharing pool amassed as a result of growth and stability and is transferred in the form of an allocation that cannot be used for any other purpose.
- 1.19 Planning and budgeting of education expenditures at the provincial level is not based on projected future spending but on costs incurred in the past. The rigidity of the cost structure, 80% to 90% of which is payroll, is a reflection of highly rigid labor markets with inflexible salary levels. A budget allocation for salaries at those levels is ensured by the way in which the budget is drawn up and by revenue-sharing flows. The absence of any systematic monitoring of public expenditures limits the ability to redirect such flows in the interest of attaining higher levels of efficiency. Poor accounting and educational information systems and the absence of control over sector outlays are both causes and effects that feed off each other and hinder an assessment of cost-efficiency.
- 1.20 An additional source of support (in cash and in kind) are "school support groups", made up of parents of students. While no systematic efforts are made to measure or put a monetary value on their contributions, it is recognized that in many jurisdictions such groups are defraying the full cost of certain goods or services such as minor equipment items and building maintenance. The school-funding mechanisms fail to encourage either efficiency or educational quality, since the amount of funding for the schools is based exclusively on the number of teachers. Therefore, schools receive more funding to the extent that they increase the number of teachers on their staff, regardless of educational outcomes, learning performance, or quality of instruction. Moreover, the practice of providing funds in proportion to the number of teachers

tends to favor urban areas with high population densities and relatively large schools.

- 1.21 Public funding of education includes subsidies to private education. The size of the subsidy is figured as a percentage of the establishment's instructional wage bill on a scale in which the subsidy ranges from 0% to 100%, varying inversely with the amount paid by the students' families. With the decentralization of education responsibilities, the amount of the subsidy and how it is financed and managed are now matters within the purview of the jurisdictional governments.

H. Rationale for the program

- 1.22 The conceptual matrix for the program (Annex I-2) identifies the general and specific problems that the program is expected to help resolve in the Argentine education sector, and the principal means by which this would be accomplished. Overall, the program is an attempt to provide support for a reform process resting on basic principles emanating from the national consensus. These general principles are, *inter alia*, that the quality of education needs to be improved, that the system must be made more equitable, and that all of this will require additional funds and they must be used more efficiently. There is agreement on making the school unit more autonomous and increasing community involvement in its operation, within the context of a federal education system that preserves national unity while at the same time respecting provincial diversity.
- 1.23 A far-reaching reform of the education system will require changes in governmental functions within the sector; professionalization and greater accountability of school administrators and teachers; stronger commitment on the part of parents; more and better flows of information in the system; changes in the salary structure and scales for teachers and other education professionals; new flows to boost funding; new systems for the administration and channeling of financial and human resources; and the institution of incentives and competitive mechanisms in the sector. These changes will in turn require a new thought process in the educational community, negotiated solutions with strong and unified labor unions, difficult political decisions, and creative ideas for focusing efforts on priority actions.
- 1.24 For the aforementioned reasons, the reforms cannot be accomplished in the short term. They must be started and carried forward with a view to gradually building a more and more decentralized system better equipped to meet the needs of the population and society; but it will also be necessary to attend to the school-age population during the transition period. The proposed program constitutes a stage in the transition; it will enable the province to realize its vision of a reformed education system while at the same

time improving the quality, equity, and efficiency of the services being delivered at present.

- 1.25 The proposed operation will build on the momentum generated by a broad social consensus with respect to the urgent need to continue the reform of the provincial education systems and the support for the mandates of the Federal Education Act. This momentum has created expectations in the provinces with respect to certain potential features of a fairer, better, and more efficient education system (greater school autonomy, incentives in the funding of schools and in the pay scales of teachers and administrators, more community participation, etc.). However, the dynamics of the reform process have not as yet made it possible to identify the means of establishing those features on a sustainable basis.
- 1.26 Accordingly, the program will supply technical and financial support for the design and implementation of reforms by the provincial governments to enable them to develop and fine-tune ideas, strategies, and reform and implementation programs. Obviously, the technical complexity and difficulty of achieving cultural changes and consensus among levels of government, parents, and teachers' unions make this a long-term undertaking. The program will give the provinces an opportunity to explore a number of change alternatives and define effective and workable solutions for their specific problems.
- 1.27 In addition, the program will provide financing for major investments in the expansion and adaptation of physical plant and equipment, staff development, and the start-up of new education programs. The purpose in doing so will be to help with the lengthening of compulsory schooling, improve the quality of education, expand the coverage of educational services, and target efforts toward the neediest population groups.
- 1.28 In September 1994 the national and provincial governments signed the Federal Education Pact whereby the national government undertook to transfer US\$3 billion to the provincial governments over the next five years. The funding for the program proposed herein would be part of that commitment. In addition, the operating arrangements and procedures, technical standards, and oversight and monitoring systems to be adopted for this program would serve as a basis for the channeling and investment of those funds. From this standpoint, one of the program's principal contributions would be to help foster the more rational use of all the funds to be transferred under the terms of the Pact, through the design and implementation of modern educational management and investment techniques.

I. Complementarity with World Bank programs

- 1.29 The World Bank approved an investment program to support the reform and institutional strengthening of the MCE and the education system

in various provinces and to finance investments to improve, expand, and adjust the physical infrastructure of intermediate education (multimodal). In addition, it has advised the Argentine government of its intention of preparing a program to support university reform. The program proposed herein will help to finance the reform of provincial education management as well as preprimary and basic general education and will therefore complement the World Bank programs. Moreover, the IDB has included in its programming for 1995 a program to support reforms in non-university post-secondary education. This would supplement efforts in the university ambit *per se*.

J. IDB financing for education in Argentina

- 1.30 Over the past 30 years, the Bank has entered into agreements with the Argentine government for six loan operations totaling the equivalent of US\$152.3 million for primary, technical, and university education. The latest of these was the Program for Expansion and Improvement of Rural Primary Education, financed in 1979 by loan 565/SF-AR for US\$50 million and executed by the Ministry of Culture and Education with the participation of 21 provinces. All of these programs have been completed and the objectives and goals originally set for them were satisfactorily attained, though with delays in implementation owing to cost inflation and changes in provincial education administrations. The experience acquired by the MCE and the provinces in the execution of the aforementioned operation and in the Intermediate Agricultural Technical Education Program served as a basis for devising the implementation arrangements for the program proposed herein.

II. THE PROGRAM, ITS COST AND FINANCING

A. Objectives

- 2.1 The program seeks to support the provincial governments' efforts to achieve the following objectives: (i) improve the quality and expand the coverage of preprimary and basic general education, with particular attention to the neediest groups; and (ii) increase the efficiency and equity of the education system through implementation of the Federal Education Act.

B. Description

- 2.2 The program is composed of projects designed and to be implemented by the provinces with support from the national Ministry of Culture and Education (MCE).

C. The provincial projects

- 2.3 The conceptual matrix for the program was the point of departure for designing the provincial projects. The matrix identified the problems and categorized them under the following headings: institutional aspects; financial aspects; teachers; curriculum design and implementation; and infrastructure and equipment. It also identified the principal means for addressing the problems. Each province, supported by a team of consultants financed with Preinvestment Fund resources, performed a more specific diagnosis of its own educational system and prioritized the reform and investment actions it would include in the program.
- 2.4 This provincial development effort confirmed the assumptions of the conceptual matrix and prompted a discussion between the project team and the MCE for the purpose of defining a set of goals and results that would include the minimum ingredients for the first stage of reform and investments pursuant to the Federal Education Act. The provinces were then consulted on the conclusions of this discussion and agreements were reached on the minimum set of results that ought to be yielded by each provincial project. The following table summarizes those results.

MINIMUM RESULTS FOR PROVINCIAL PROJECTS			
	PROBLEMS IDENTIFIED	PROGRAM GOALS	MINIMUM RESULTS OF THE PROVINCIAL PROJECTS
GENERAL	Inefficient education management; policies inadequate for the new system; lack of school autonomy and accountability; weak community participation or commitment; lack of information for system monitoring and feedback.	Rationalize and strengthen provincial education management. Strengthen the school as the operating unit. Generate information for system evaluation and feedback.	Rationalization of provincial education management; a proposal to adjust the legal framework for the sector in the province; definition and regulation of the areas of autonomy; promotion of community participation in innovative education projects; strengthening supervisory and evaluation processes; development of information systems.
SPECTS	Inequitable and inefficient public funding: disproportionately tilted toward higher levels and teacher compensation. No incentives in intrasectoral flows. Inadequate resources for upgrading the quality of education.	Improve the social equity and efficiency of flows of public funds to education. Boost investment in education.	An increase in the share of spending directed toward preprimary and basic education; new funding for non-salary costs; implementation of school-funding patterns that reward quality and efficiency; better allocation of subsidies to private schools; implementation of a plan to increase funding for education.
	Disparate, inadequate, and outdated teacher training and professional development; rigid and ambiguous teaching statutes; little actual classroom time for teachers; pay and incentive structures and levels that fail to foster quality performance; lengthening of compulsory schooling increases the demand for qualified teachers.	Strengthen and improve the quality of teacher training, both pre-service and in-service; initiate a process of professionalization of the teaching career and improvement of working conditions and incentives for teachers; meet the added demand for qualified teachers.	Rationalization of the supply of teachers; training; application of common core competencies; accreditation of teacher-training institutions; implementation of innovative projects; institution of a staff training program; of a reform of the provincial teaching system; rationalization of the leave system; retention, training, and/or hirings to meet new demands.
DESIGN IMPLEMENTATION	Curriculum design outdated and irrelevant; quantitative and qualitative gaps in the supply of textbooks and materials; high failure rates among students from needy groups.	Strengthen the capacity to update, implement, and evaluate curriculum designs and target efforts to groups with low school achievement.	New preprimary and basic general education curricula; plan for implementing, evaluating, and updating curriculum designs; distribution of textbooks and materials; implementation of programs and projects to address the problem of school failures.
INFRASTRUCTURE AND MAINTENANCE	Insufficient capacity for maintenance planning and management; new demands for plant and equipment created as compulsory schooling period is lengthened.	Strengthen preventive and corrective maintenance of school infrastructure and equipment. Supply the infrastructure and equipment needs for preprimary and basic general education.	Design and implementation of a strategy for improving the condition of infrastructure; measures to provide for corrective and preventive maintenance thereof; construction or refurbishing of classrooms and buildings to accommodate demand resulting from the lengthening of compulsory schooling.

- 2.5 Each provincial project is to propose actions designed to achieve the minimum expected results, but each province is expected to define its own strategy or plan for achieving those results and may include such other actions as it may consider priorities. The provincial projects were designed in the form of five-year action plans to be implemented on the basis of annual plans specifying the tasks to be accomplished and allowing for adjustments to the actions programmed and a flexible response to the dynamics of reform.
- 2.6 The multiyear plans drawn up by the provinces contain many concrete, defined actions and investments, particularly for the first year. Other actions and investments are still at the idea stage, and will be developed and fine-tuned as the annual plans are worked out. This approach affords some flexibility to the program, allowing the Bank and the national and provincial governments to work closely together to foster and support the educational reforms. The reform process will rest on firm foundations agreed upon and set out in the program's conceptual matrix. The annual plans will be reviewed and monitored to make certain they conform to those foundations and adhere to the mandate embodied in the Federal Education Act.
- 2.7 Each provincial project consists of two mutually-reinforcing components: a reform and an investment component. The summary presented below does not purport to be an exhaustive description of the actions proposed by the 24 jurisdictions in their proposals; its only purpose is provide a general idea of their characteristics. The monetary figures shown reflect the total amount proposed per component (and subcomponent) for all 24 jurisdictions.
1. Reform component (US\$77.3 million) •
- 2.8 The purpose of this component is to support the provinces in the design and implementation of institutional, financial, and education management frameworks consistent with the requirements of the Federal Education Act.
- 2.9 In order to develop and implement the reforms, the provinces need to have technical analytical capacity and consensus-building mechanisms and be able to prepare the successive steps of a sequenced process. Consequently, the reform component calls for funding an average of 1,300 person/hours of technical assistance per province for the preparation of diagnoses and development of action plans or design of policies, programs, and projects. The purpose is to support the following processes, by area:
- a. Institutional aspects (US\$16.5 million)
- 2.10 Given the persistence of dual and/or inefficient education systems, excessive centralism, limited input from the education community into the education process, and lack of school autonomy, the education system has no initiatives or ability to innovate or respond to

the unique characteristics of the target population and satisfy their particular needs. The Federal Education Act proposes that each school and its "educational community" perform a more autonomous role in which it is they who originate their own educational project, organize and administer the resources, and manage their own institutional relations. This context provides a broader opportunity for involvement of the community in defining and implementing educational improvements. But such autonomy will in turn require that the functions at each level of the system (including those of each school) and its interrelations be clearly defined, to avoid overlapping and ambiguities.

- 2.11 Strengthening the school as the basic operating unit in education creates opportunities for the community to suggest and promote initiatives and evaluate and provide feedback on the role of teachers and administrators. Effective performance of these community functions would make it possible to do away with an authoritarian style of management and instruction in the schools and encourage innovative responses to educational needs.
- 2.12 The information systems and supervisory procedures in education services are at present poor or inadequate. Often there is no supervision at all or the supervisor acts as a monitor rather than as a supplier of feedback to the system. Until 1992 there was no national system to measure educational quality or attainments in learning and knowledge. In other words, the most basic inputs for a system evaluation and feedback program were not being generated.
- 2.13 The actions proposed under the provincial projects for the purpose of responding to these institutional problems are: (i) design and implementation of a plan to rationalize provincial education operations by bringing their organization into line with their new functions in the system, strengthening their operation, increasing their efficiency, and developing their capacity to supply technical assistance to the schools; (ii) preparation of a proposal to reconfigure the legal framework for education in the provinces; (iii) determination of the areas in which school autonomy is to be promoted, and regulation of the provincial educational authority in such areas; (iv) determination of the areas and procedures for education-community involvement and implementation of innovative projects; (v) start-up of a plan of action to strengthen the strategies for supervision and evaluation of educational processes; (vi) implementation of a provincial system of education information; and (vii) implementation of a provincial educational-outcomes assessment system for the preprimary and basic general levels.

b. Financial aspects (US\$7 million)

- 2.14 The analysis and eventual reapportionment of public funding by the provinces has been given priority in the context of the system reforms, given the impact of such funding on the possibilities for

adequate performance of the societal functions of education and on the efficiency and equity with which those functions are performed.

- 2.15 The objective laid down in the Federal Education Act - a doubling of public spending on education - obliges the provinces to boost their actual outlays for education. As a complement to the Federal Education Pact, each province will sign a bilateral agreement with the national government in which it will undertake to increase the amount of its funding for the sector. In this context, the provinces are required to design strategies envisaging a combination of increased provincial revenues, national government support, and reallocation of provincial funding from other items of the budget to education.
- 2.16 The provincial projects include actions to study and implement, depending on the findings of the studies and to the extent practicable, initiatives designed to (i) boost the share of expenditures going to preprimary and basic general education; (ii) increase the share of non-salary costs; (iii) institute school-funding mechanisms and formulas that reward quality and efficiency; (iv) increase the efficiency and equity of the subsidy for private educational establishments; and (v) set in motion provincial action plans to increase funding for education, pursuant to the Federal Education Act.

c. Teachers (U\$16.3 million)

- 2.17 Teacher training is carried out by a number of normal schools and institutions of higher learning (both universities and non-university institutions) operating with no regulation or concerted approach and with no minimum common bases to govern the training required. There has been no adequate planning of the supply of teacher training. The number of institutions and programs increased at a time of shrinking demand for places in the schools. The training is disparate in quality, often outdated, and inadequate. As a result, inferior teacher training has been identified as one of the sector's leading problems, particularly at the primary level where the teacher is generally the sole input into the educational process.
- 2.18 In Argentina, teachers are provincial civil servants; they are hired and dismissed at the discretion of the provincial ministry. They have their own set of labor regulations, and the negotiation of salaries and working conditions is governed by provincial education law and conducted between the provincial government and the teachers' unions.
- 2.19 The teaching profession is suffering from a serious decline in the motivation of and social regard for teachers. A career as a teacher is subject to an authoritarian hierarchy of institutional relationships and is undistinguishable from a career as a school

principal, administrator, or technician. The teacher statutes are ambiguous and do not provide for an adequate evaluation of teachers' ability and merit.

- 2.20 The teaching roster is skewed by the inclusion of teachers discharging no function at all, teachers on extended leave, and teachers performing administrative duties. Average pupil-teacher ratios are particularly low in the public schools: 17 at the preprimary and primary level, 12 at the secondary level, and six in teacher-training institutes.
- 2.21 The salary structure is based at present on seniority in the system; there are no pay incentives tied to performance, training, or other efforts with an impact on educational quality. Moreover, the salary level is extremely low in comparison with that for other professions, especially in the private sector. By way of example, in September 1988 a full professor at the university level, working half-time and with 15 years of seniority, was receiving a salary equal to 32% of the pay of a chauffeur in the private sector; a full professor working full-time and with 24 years' seniority was earning only 2.2 times as much as the chauffeur (a manager in the private sector would be earning seven times as much) and only 29% of the pay of a systems manager. At the primary level, a grade-school teacher with 24 years' seniority earns 89% of a chauffeur's pay and 24% as much as a chief accountant in the private sector. This low salary level has impaired teachers' image in society and contributed to high teacher absenteeism, a growing sense of malaise among active teachers, a sharp decline in enrollment in teacher-training institutes, and an exodus of capable teachers. Teacher-salary increases tied to performance and merit would help improve the quality and strengthen the commitment of teachers.
- 2.22 To compensate in some measure for low salaries, teachers have negotiated a very generous leave system. This liberal leave scheme and the ineffectiveness of oversight bodies also drive down efficiency of the services. Provincial samples indicate leave averages ranging as high as 76 days per teacher per year (Tucumán, 1993) and 23% of the teaching force not active (Federal Capital, 1993).
- 2.23 **Proposed actions:** The provincial projects include the following measures for addressing the problems pertaining to teachers: (i) design and implementation of provincial plans for rationalization of the supply of teacher training, accreditation of teacher-training institutes and their integration into the Federal Teacher-Training Network; (ii) application of the common core contents of teacher training as approved by the Federal Council on Culture and Education; (iii) evaluation and possible reassignment of staff in teacher-training institutes; (iv) design and implementation by the provinces of training plans for supervisors, administrators, teachers, and other education professionals; (v) study and design of a plan to reform the statutes governing teachers and other education professionals; (vi) design and start-up of a plan to

rationalize the system of leaves and conflicting professional activities; (vii) study and recommendations for the design of new salary and incentives structures; and (viii) design and implementation of provincial plans for reassigning qualified teachers, training, and hiring to meet additional teacher demand.

- 2.24 It is important to note that in this area there seems to be an understanding on the part of the provinces as to what might constitute better human-resource management. This would include, *inter alia*, the decentralized management of leave, promotions, and dismissals, substantial salary increases, and a reform of the statutes to provide for performance incentives.

d. Curriculum design and implementation (US\$32.3 million)

- 2.25 The curriculum designs are out of step with social change, scientific and technological progress, and the areas closest to the day-to-day life of the school population. At the preprimary level, curriculum designs developed in the 1970s still predominate. For the primary level, beginning in 1983 a process of curriculum renewal taking account of the various regional characteristics and the importance of an interdisciplinary approach and the linking of what students learn at the different levels was instituted throughout the country. Between 1984 and 1990, 13 provinces brought in new curricula. However, these curricular changes were not always accompanied by adequate teacher preparation, largely because of the paucity of budget funds to produce training materials associated with the new curricular design and train teaching staff in the changes.
- 2.26 Efforts to implement strategies to strengthen the institutional linkage of the primary level with the preprimary and intermediate levels also fell short of the mark, and student failures and issues associated with bilingualism in indigenous groups have not come in for enough targeted attention.
- 2.27 Proposed actions: The actions proposed are: (i) design and implementation by the provinces of new preprimary and basic general education curricula, taking into account the core content agreed upon by the Federal Council on Culture and Education, which embody a minimum national consensus; (ii) design and execution of plans for the implementation, evaluation, and updating of curriculum designs; and (iii) implementation of provincial programs and innovative institutional projects to address the problem of student failures.

e. Maintenance of education plant and equipment (US\$5.2 million)

- 2.28 Efforts to improve or expand education infrastructure will be ineffective without sound education plant and equipment maintenance policies and systems. Several provinces have no infrastructure and equipment planning and maintenance systems; in others, maintenance

is inadequate. As a result, preventive maintenance is scarce and corrective maintenance is often put off. Accordingly, only 23% to 60% of the country's primary schools (depending on the province) are in good condition.

- 2.29 Proposed actions: The proposal is to make up shortcomings in the maintenance area by designing and implementing systems for improving the condition of school plant and equipment and providing for preventive and corrective maintenance thereof.

2. Investment component (US\$386 million)

- 2.30 The objective here is to increase the quantity and improve the quality of the human and physical resources available to the provinces and the schools for complying with the mandates of the Federal Education Act and enhancing the quality, coverage, efficiency, and equity of the system.

- 2.31 The proposed investments complement the reform actions and include financing of the following activities:

- a. Training and professional development (US\$60.5 million). The provinces will enter into short-term contracts (less than one year) for training and professional development of staff to help carry through the reforms. This includes: (i) in-service professional development for train-the-trainers and teachers, training of graduate teachers for new functions, and instructional training for non-teaching graduates; (ii) training of school administrators in matters pertaining to school autonomy, social management, project planning, and the fostering of community involvement; (iii) teacher training on curriculum implementation, the new institutional designs, and the use of textbooks and materials; and (iv) training of officials, provincial education staff, and supervisors in educational administration, planning, operations control, decentralization, and strategies for supervision and evaluation of processes and outcomes.
- b. Innovative projects (US\$75.3 million). This is a line of financing that seeks to foster decentralization by transferring resources directly to the school unit. The objective is to strengthen the operational autonomy and innovation capacity of schools providing preprimary and basic general education and of teacher-training colleges through the development, proposal, and execution of innovative projects. A project is "innovative" when it promotes or induces change or innovation in the organization, inputs, and resources of the school unit or the teaching-learning process. Eligible projects will be: (i) in the institutional area, projects that promote community participation in education and institutional autonomy; (ii) in the teacher area, projects to strengthen and improve the efficiency and quality of teacher training; and (iii) in the curriculum design and implementation area, projects to bolster the ability of schools to design and implement programs to

raise the quality and efficiency of educational services and programs to assist low-achieving students. Funding will be made available to public and free private preprimary and basic general education establishments and public and free private teacher-training institutes in provinces that submit proposals for separate or joint projects. The program envisages the financing of 1,500 projects to be executed by teacher-training institutes and 14,000 projects designed and executed by schools at the preprimary and basic general education levels. Each province will conduct a competition to select the projects to be financed and deliver the funds for implementing each project to the establishment that proposed it.

- c. **Procurement and distribution of textbooks and other teaching materials** (US\$42 million). The provinces have no programs for the purchase and distribution of textbooks and teaching materials. These necessities have been supplied by parents and teachers, with the resulting shortage and deficient quality of the texts and teaching materials available, particularly for students from low-income groups. The program calls for the acquisition of 1,500,000 textbooks for preprimary and basic general education and sufficient notebooks and other school and library materials to supply the areas in greatest need, in accordance with requests from schools and provinces. Textbooks will be chosen, with teacher input, from lists proposed by the provincial ministries. In addition, steps will be taken to ensure that the textbooks are actually received and put to good use in the classrooms of some of the neediest areas in the country. Complementary measures proposed in some of the provinces include monitoring distribution, conducting institutional-demand assessments, and defining criteria for textbook selection and distribution. In addition, it is expected that certain jurisdictions will be producing texts and materials for refresher training and curriculum adaptation to specific context.
- d. **Infrastructure** (US\$166 million). The needs for expanding and refurbishing school infrastructure at the preprimary and basic general levels so as to accommodate the demand ensuing from the lengthening of compulsory schooling exceed the reach of this program. Moreover, there are other programs directed to the rehabilitation of provincial school infrastructure. Consequently, only a small portion of the investment required for construction to expand the system's capacity has been included in this program. The program provides for the construction of approximately 114,000 square meters of classroom space and buildings for preprimary education; 196,000 square meters of classrooms and buildings for basic general education; and 46,000 square meters of other areas for basic general education.
- e. **Equipment** (US\$42.1 million). The provinces plan to purchase equipment for instruction and school administration.

D. Size of program, sample, and state of readiness

- 2.32 Each province produced an action plan for the next five years describing targets, activities, actions, and costs. The aggregate funding requested for the 24 provinces was US\$1.6 billion in June 1994. The MCE and the Bank reviewed the provincial plans carefully and, given the fact that the Ministry of Economic Affairs had assigned this program a limit of US\$300 million in financing in addition to the US\$300 million local counterpart, the plans were adjusted to conform to that funding level. The determination of the size of the program was based on the aggregate of the revised investment plans of the 24 provinces, for each of which an annual reform and investment plan (PARI) was worked out. In order to establish criteria for implementing the action plans in the course of developing the PARIs and program the Operating Regulations for the program, the action plans of eight provinces, totaling US\$222 million, were reviewed.

E. Cost and financing

- 2.33 The total cost of the program has been estimated at US\$600 million. A cost breakdown and sources of financing are shown in the following table.

TABLE II-1 PROGRAM COST BY COST CATEGORY AND SOURCE OF FINANCING (US\$000)				
COST CATEGORY	IDB	LOCAL	TOTAL	%
1. ADMINISTRATION	27,215	5,705	32,920	5.5
1.1 National coordination unit	5,000	3,000	8,000	1.3
1.2 Provincial executing units	18,561	2,705	21,266	3.6
1.3 Construction design and supervision	3,654		3,654	0.6
2. DIRECT COSTS	216,323	247,077	463,400	77.2
2.1 Technical assistance to provinces	77,373		77,373	12.8
2.2 Teacher training and development		60,545	60,545	10.1
2.3 Innovative projects				
2.4 Textbooks and teaching materials	75,282		75,282	12.5
2.5 Infrastructure		42,100	42,100	7.0
2.6 Equipment	43,617	122,383	166,000	27.7
	20,051	22,049	42,100	7.0
3. ASSOCIATED COSTS		11,680	11,680	1.9
3.1 Incremental personnel		11,680	11,680	1.9
S U B T O T A L	243,538	264,462	508,000	84.6
4. UNALLOCATED	1,467	30,447	31,914	5.4
4.1 Contingencies	1,467	18,823	20,290	3.5
4.2 Escalation		11,624	11,624	1.9
5. FINANCE CHARGES	54,995	5,091	60,086	10.0
5.1 Interest	51,995		51,995	8.7
5.2 Credit fee		5,091	5,091	0.8
5.3 Inspection and supervision	3,000		3,000	0.5
T O T A L	300,000	300,000	600,000	100
Percentage	50	50	100	

III. EXECUTION OF THE PROGRAM

A. Basic implementation arrangements

- 3.1 The responsibility for overall execution of the program will lie with the national Ministry of Culture and Education (MCE) and will be exercised through the Educational Programming and Evaluation Secretariat (SPEE), which will receive support from a national coordination unit (NCU), charged with the general coordination of the program and with extending technical assistance and support to the provincial executing units (PEUs) that are to implement the proposed reforms and investments.
- 3.2 The PEUs will report directly to the Minister of Education. Their functions will be: (i) to direct the programming, execution, and evaluation of the provincial project; (ii) to coordinate the technical, teaching, and administrative areas with the appropriate provincial education institutions and authorities; (iii) to develop their respective annual reform and investment plans (PARIs) and submit them to the NCU for approval; (iv) to request bids, award construction contracts, and procure goods and services in accordance with the regulations agreed upon; (v) to select and hire professionals and consultants required for the execution of the PARIs; (vi) to evaluate the consulting work done and take the pertinent decisions to ensure quality results within the prescribed time frames; (vii) to draw up and maintain the budget, disburse funds, and keep the accounts; (viii) to manage the provincial project's bank account in conformity with the law and the regulations of the NCU; (ix) to submit disbursement requests to the NCU; and (x) to prepare and submit periodic reports to the NCU as required by the program's programming and monitoring system.
- 3.3 The NCU will be responsible, *inter alia*, for: (i) providing technical assistance to the provinces; (ii) reviewing the design of the provincial executing units, the multiyear action plans (PAPs) and the annual reform and investment plans (PARIs) and, if weaknesses or inconsistencies are found in them, helping the province in question to reformulate them; (iii) preparing annual budgets and disbursement requests and maintaining the consolidated accounting records of the program; (iv) coordinating and supervising the application of the rules and procedures adopted for the procurement of goods and services; (v) coordinating relations between the Ministry of Culture and Education, the Ministry of Economic Affairs and Public Works and Services, the provincial education ministries, and the Bank; (vi) monitoring the execution of the provinces' PARIs; (vii) preparing and distributing to the provinces guidelines for the preparation of PARIs, model terms of reference for technical assistance required for the reform measures, and a guide for the strategy for monitoring and evaluating the program; (viii) designing and instituting systems for supervising and evaluating the program; (ix) preparing and submitting reports to

the MCE and the Bank as called for by the program's programming and monitoring system; and (x) producing and processing any other documents required by virtue of the relationship between the borrower and the Bank.

- 3.4 Prior to the first disbursement of the financing, the MCE is to demonstrate to the Bank that (i) it has legally established the NCU and provided it with the necessary staff for the performance of its functions; (ii) it has approved the program's Operating Regulations and put them into effect; (iii) one province, at least, has signed a reimbursable-funds transfer agreement and satisfied the conditions for using the funding; and (iv) the NCU has presented a plan for the activities it is to carry through.
- 3.5 The first NCU plan of activities is to include the following, at a minimum: (i) guidelines for developing and submitting PAPs and PARIs and for overseeing and monitoring the program; (ii) model terms of reference for the technical assistance envisaged under the program; (iii) computer-based mechanisms for financial monitoring, evaluation, and control of the program; and (iv) the training activities to be conducted with respect to the rules and procedures contained in the Operating Regulations, especially those pertaining to procurement of goods and services and hiring of consultants, courses on social management, preparation of action plans, financial monitoring and control, the strengthening of schools as basic operating units of the education system, and school-funding formulas that reward quality and efficiency.
- 3.6 Each plan in the sequence will contain the activities for the year to which it refers. The second activities plan should contain, *inter alia*, (i) the regulations for the Secondary Distribution Fund; and (ii) the dates and terms of reference for the studies to be commissioned to support the provincial reform processes in the event that commissioning at the national level should be found to be advantageous.

B. Programming and implementation instruments

- 3.7 The provinces have used or will use the program's conceptual matrix to prepare the following programming and implementation instruments: (i) a provincial project conceptual matrix that summarizes the problems the project is designed to address as well as its goals and components; (ii) a multiyear action plan (PAP) describing the goals, activities, and actions slated for the program implementation period and their costs; and (iii) annual reform and investment plans (PARIs) including the specific reforms and investments to be implemented each year together with their objectives and goals and the strategies and costs for implementing and evaluating them.

C. Operating Regulations

3.8 The purpose of the Operating Regulations is to establish the rules, criteria, and procedures to be observed in executing the provincial projects. The most important provisions contained in that document have to do with the following (see Annex III-1):

- (i) The program's beneficiaries and co-executing agencies: the 23 Argentine provinces and the Municipality of Buenos Aires.
- (ii) Transfer of reimbursable funds and local counterpart funds: the proceeds of the loan, specific yearly allocations in the national budget, and contributions by the provinces.
- (iii) Criteria for allocating program resources to the provinces: a fixed amount equivalent to US\$3 million will be allocated to each of the participating provinces to defray the estimated cost of bringing in the minimum required reforms and investments, worth an estimated US\$72 million. The other resources (up to US\$428 million) would be allocated on the basis of a primary distribution formula that uses a combination of educational and socioeconomic indicators, as follows:
 - (a) school-age population - each province's percentage share of the country's total school-age population; for the purpose of weighting the three criteria making up the distribution indicator, this factor has been given a weight of 50%;
 - (b) reciprocal of per capita GDP - the reciprocal of each province's per capita GDP over the sum of the reciprocals of those per capita GDPs; this factor has been given a weight of 25%;
 - (c) reciprocal of the enrollment ratio - reciprocal of the complement of each province's net primary enrollment ratio over the sum total of such reciprocals; assigned a weight of 25%.Two years after implementation begins, any funds that have not been spent or committed by the provinces will go into a Secondary Distribution Fund which will be reassigned for the same reform and investment purposes of the program when the provinces that so request have utilized or committed 100% of the funds in the last PARI.
- (iv) Requirements for the use of resources by the provinces:
 - (a) finalize a reimbursable-funds transfer agreement with the MCE;
 - (b) submit a multiyear action plan, the conceptual matrix for the provincial project, and the annual reform and investment plan for the first year;
 - (c) legally establish the provincial executing unit and hire the necessary personnel for its operation;
 - (d) design the provincial strategy for monitoring and evaluating the provincial project;
 - (e) open a special

account for the project; and (f) submit the standard form of agreement with the educational establishments in its jurisdiction for the conduct of innovative projects.

- (v) Criteria for the analysis and approval of PARIs:
 - (a) consistency between the activities in the PARI and those envisaged in the respective multiyear action plan; (b) consistency between the actions and investments in the proposed PARI and progress on the previous PARI; and (c) a clear description of the actions comprising the PARI, their expected results, and the means necessary to implement them, for example, terms of reference, time frames, amounts, contracting procedures, and ministerial provisions.

D. Program monitoring and assessment

- 3.9 The PEU of each province participating in the program will monitor actions under the provincial project and oversee the education reform in its jurisdiction (Annex III-2).
- 3.10 To monitor such actions, the PEU will (i) develop a detailed outline of the actions and reforms included in its provincial action plan, together with an estimate of the cost and expected results, to be described in qualitative or quantitative terms or both; and (ii) submit a description of the actions carried out, the costs incurred, and the results achieved. The outline should constitute a brief account of progress achieved to date in implementing the reform process and strengthening the education system, as well as an assessment of performance under the provincial project's action plan. All of this information will be provided on standard NCU-approved forms in which all activities, costs, and advances will be classified under the goal they are meant to attain. The principal contribution of the monitoring information will be to provide feedback for execution of the provincial project by highlighting successful actions, obstacles, critical bottlenecks, and necessary adjustments, all of which will be used to improve operations under the current PARI and institute corrective measures or adjustments in preparing the next PARI or adjusting the scale of the multiyear action plan.
- 3.11 The assessment of education reform is based on a systematic monitoring of the indicators that signal advances under a dynamic reform process. Changes in the following areas will be tracked: (i) coverage (measured by enrollment ratios and number of children without access to schooling); (ii) quality and internal efficiency of the education system (measured by retention and repeater rates and learning-measurement findings; (iii) resources available to the system; and (iv) efficiency in resource utilization (measured by pupil-teacher ratio and class size, per-pupil expenditure, and other factors). As an attachment to the first PARI, each province will specify the targets to be reached for each indicator where a

target can be specified; it will also indicate the time frame within which the target is to be attained. For indicators that do not lend themselves to specific targets, the province will outline in its first PARI specific steps to help the provincial education authorities set targets during the first year of execution of the program.

- 3.12 The PEU will use the monitoring and assessment instruments in producing each PARI and will present the previous period's results to the NCU when it submits a new PARI or any request for a reformulation of the provincial project's multiyear action plan. The NCU will (i) use the monitoring instruments to gauge the progress of provincial projects and detect any needs for technical assistance to PEUs to contribute to full achievement of the program's objectives; it will also utilize these instruments as an input in the process of revising PARIs submitted by the provinces; (ii) develop and make available to the provinces computer-based mechanisms to facilitate monitoring and systematize and consolidate technical and financial reports; such mechanisms will streamline the NCU's technical monitoring and financial control of provincial projects; (iii) produce an annual report, to be reviewed by the Bank, containing the national summary of findings from the monitoring of actions and the education reform under the provincial projects as well as a summary statement on the financial performance of the program; and (iv) hold a meeting with the Bank in the first quarter of each year during program execution to review the information and seek agreement on proposed reforms and investments.
- 3.13 The annual meetings will evaluate a sample of PARIs implemented the previous year and review the report prepared by the NCU and the criteria to be used in evaluating the PARIs approved for the current year. If, as a result of such an annual meeting and/or the review of reports submitted, the Bank should determine that progress on the program is unsatisfactory, the MCE will be required to submit reports or plans within the next 60 days indicating the steps it proposes to take to adjust the program's implementation and the pertinent timetable and budget.

E. Procurement of goods and services

- 3.14 International competitive bidding will be required when funds from the Bank's loan are to be used and the estimated contract amount exceeds the equivalent of US\$3 million for construction work or the equivalent of US\$350,000 for the procurement of goods and materials. The bidding will be governed by the procedures to be appended as an annex to the loan contract. These thresholds are justified by the fact that in similar projects in Argentina, foreign bidders submit offers when the contracts exceed those amounts. Contracts below those thresholds will be awarded in conformity with Argentine law, which requires competitive bidding for contracts worth over about US\$50,000, and allows for limited bidding for lower amounts.

- 3.15 The PEU will select and engage consultants in accordance with the procedures set out in the Bank's rules for contracting consulting services, appended to the loan contract. However, because the proposed program will require a large number of consulting arrangements, it is being recommended, as a means of expediting its execution and facilitating Country Office oversight, that the requirement regarding prior consultation with the Bank apply only for the selection and hiring of individual consultants with contracts of over US\$50,000, and consulting firms with contracts valued at more than US\$100,000. The general terms of reference for each group of services are to have been approved previously by the Bank, as part of the annual reviews of the PARIs. The NCU and the Bank will, through periodic sampling, check the procedures followed by the PEUs, to which end the PEUs will make the necessary documentation available throughout the financing disbursement period. Contracts below the aforementioned thresholds will be reviewed semiannually on the basis of a sample representing 20% of the value of the services engaged. The following measures will be taken if any deviations from the rules are found: (i) disbursements on the contracts in question will be suspended; (ii) amounts already disbursed under those contracts will be recovered; and (iii) such other action as may be considered appropriate.

F. Other implementation features

- 3.16 Execution period: The period for execution of the program and disbursement of the financing has been estimated at five years, as from the effective date of the loan contract. This period is compatible with the term prescribed under the Federal Education Pact for the investment of US\$3 billion - which includes the funding for the present program - in the education sector.
- 3.17 Disbursement timetable: The program's estimated disbursement timetable by source of funding, prepared on the basis of the initial timetable, is summarized below.

DISBURSEMENT TIMETABLE (US\$000 equivalent)						
SOURCE	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
IDB	59,764	64,456	67,878	58,346	49,556	300,000
Local	45,309	93,960	80,946	43,174	35,611	300,000
TOTAL	106,073	158,416	148,824	101,520	85,167	600,000

- 3.18 Advance of funds: Given the characteristics of the program, the number of provinces, and the variety of actions slated for financing, an advance of funds equal to 10% of the loan amount is proposed. Accounting and auditing: Records of the program will be kept in each participating province, and the NCU will maintain an integrated accounting system, which will be consolidated monthly.

The system will include charts of accounts, accounting manuals, forms, consolidation procedures, and budget management and control guidelines. The MCE is starting to develop the system with funds of its own. The financial statements of the program will be audited annually by the National Accounting Office. Land and easements: The question of legal possession of land and easements prior to bidding on school construction is not expected to pose a problem, given that the work involved consists of construction on previously acquired land or extensions to existing buildings.

- 3.19 Evaluation of the program's impact: A precise measurement of the impact of the reform and investment program the Bank is financing is not considered to be feasible because the program constitutes a relatively small part of a broader education reform. The Ministry of Culture and Education has indicated that it intends to evaluate the provincial education-reform efforts and their results. The monitoring system designed for the program makes it possible to build one of the databases required for an assessment of the education reform and its results. The NCU will work with the MCE to devise the ex post evaluation methodology.
- 3.20 Inspection and supervision: The responsibility for inspection and supervision on behalf of the Bank will fall to its Argentina Country Office. In view of the special features of the program insofar as its proposed reforms and coverage are concerned, it is recommended that the Bank monitor its implementation and progress continuously. With this in view, the Bank should retain the services of specialists in the institutional and financial areas, which are the areas that will exert the strongest impact on the attainment of the proposed reform objectives and targets.

IV. THE BORROWER AND THE EXECUTING AGENCY

A. The borrower

- 4.1 The borrower will be the Republic of Argentina, and the executing agency will be the national Ministry of Culture and Education (MCE). The co-executing agencies will be the education ministries of the participating provinces. The executing agency will transfer the proceeds of the proposed IDB loan together with the government funding to the co-executing agencies via the national budget.

B. Institutional aspects

- 4.2 The MCE has undergone significant organizational change, including the elimination of bureaus that were formerly in charge of the direct operation of educational establishments at various levels and the creation of new secretariats, under-secretariats, and departments to discharge the new functions established under the Education Act. The staffing chart of MCE has changed substantially as a result of this restructuring. In 1991 it provided for a total of 61,362 posts and 819,692 teaching hours (paid to educational establishments at various levels). With the transfer of services and the new stage of decentralization of functions, the numbers dropped to 9,610 posts and 193,227 teaching hours in 1992 and to 3,897 positions and 4,112 hours in 1994.
- 4.3 The World Bank program to strengthen decentralized secondary education includes US\$33.4 million for MCE institution-strengthening and streamlining of MCE premises. The purpose is to upgrade the national information system, the federal quality assessment system, and the financial management and budget programming systems, and to provide training abroad for staff. The loan was approved in June 1994.

C. Financial aspects

- 4.4 The budget of the Ministry of Culture and Education increased 44% from 1992 to 1994 and, based on estimates in the current budget proposal, the increase for 1995 would be 70%. In absolute terms, this would mean going from a budget of around US\$1.5 billion to US\$2.4 billion for 1995. It is apparent that the central government's performance, as reflected in the outlays of the Ministry of Culture and Education, has been in strict compliance with the terms of the Federal Education Act insofar as the increase in public-sector investment in education is concerned.
- 4.5 In regard to the distribution of MCE expenditures in 1994, 87% (US\$1.77 billion) is earmarked for transfer payments (in 1992 it was 73% or US\$1.069 billion), primarily to the provinces and national universities. The unique importance of this item is

evident from the fact that this is the part of the budget that, for all practical purposes, serves as the national government's conduit for administering the Education Act. Transfers to the provinces more than doubled, from US\$150 million to US\$367 million, from 1992 to 1994. MCE personnel costs accounted for 4.4% and goods and services for 7.4%. Investment outlays are virtually nil since they are covered by the provinces.

- 4.6 With respect to the temporarily stable trend of budgetary increases, the Federal Education Pact recently signed by the President and provincial governors contains an express commitment of the MCE to channel US\$3 billion to the jurisdictions over a five-year period to bring about the increase provided for under the Federal Education Act: approximately US\$600 million per year beginning in 1995. The pressing need to raise levels of funding for education prompted legislators to include in the new Federal Education Act a provision that commits the various levels of government concerned to increase their spending for the sector. The strategy for complying with this provision will be based on (i) inclusion in the national budget proposal drafted by the Executive Branch for the coming year of specific items for investment in the sector in the jurisdictions; (ii) a central government undertaking to boost national spending in the sector over the next five years by 20% a year; (iii) organizational and structural reforms of the education system in the provinces which, by way of increased cost-efficiency, will lead to savings and thereby make additional funds available for use in the sector; and (iv) technical assistance to the provinces in the financial area, as envisaged under the present program, for the study of new sources of funding for education.

D. Overall financial strategy of the provinces and of the national-provincial relationship for complying with the Act

- 4.7 The Federal Education Act provides in article 63 that the Argentine Nation, the provinces, and the Municipality of Buenos Aires shall enter into a Federal Education Pact. That accord, which was concluded on September 11, 1994, by the President of the Republic, 22 provincial governors, and the mayor of the City of Buenos Aires, sets forth the agreements reached with respect to (i) the obligations assumed by the national education authorities for the administration of the Act; (ii) the pledge by the State to contribute US\$3 billion to the jurisdictions over the next five years; (iii) the prescribed use of the funds (for infrastructure, equipment, and teacher training); (iv) the auditing procedures to be followed to ensure that the funds earmarked for education are used for the intended purposes; and (v) specified targets to be reached in five years to ensure the application of the Federal Education Act.

V. FEASIBILITY AND RISK

A. Overall feasibility

- 5.1 The program presented herein is part of an ongoing, historically rooted education-reform process driven by politically determined guidelines: in other words, this is a process born of the political will of the nation and brought about in response to the needs of a new stage in the nation's life. Specifically, there is a need to redress longstanding inequities that were exacerbated during the economic crisis and the period of adjustment ("pay the social debt") and to develop the basic human skills and scientific and technological capabilities that are today the chief determinants of success in international competition ("address the economic imperative of competitiveness").
- 5.2 The political will of the nation on the question of education-system reform has been translated mainly into (i) a decentralization of education operations under which all schools (with the exception of the national universities, which are autonomous) have already been transferred from the national to the provincial level and incentives are being developed to encourage transfers from provincial to local level at varying speeds and in varying ways in the country's different political jurisdictions; (ii) a new Federal Education Act that provides an overall policy framework for the development of education generally and determines what are matters of national unity (purposes, structure of levels, period of compulsory school attendance, core curriculum content, the compensatory role of the State, etc.) with due regard for provincial diversity; and (iii) a sharp increase in public funding for education, which will rise annually from 1993 to 1995 at a rate exceeding the 20% prescribed in the new Act. This upward movement is no mere coincidence, for lying at the root of the national consensus on this question is a conviction that the education system was and continues to be overcentralized and that the country has not been giving education the funding it needs and deserves. It is unquestionably the force and clarity of the national political will on this and other matters that will afford continuity to the reform process and sustainability to the structures and costs it generates.
- 5.3 The Bank's support in the preparation of the program was framed within the aforementioned process. The aim is to work out appropriate methods for attaining the goals established by the national government and the provincial governments, in consultation with both levels, and help set up technical structures to facilitate the continuation of the process in accordance with rationally devised and evaluated sequences. Rather than supply a detailed description of the process that the proposed program is designed to

support (and of which it forms part), an attempt has been made to clarify its direction and the proposed means of helping to see it accomplished.

B. Socioeconomic feasibility (Annex V-1)

- 5.4 The socioeconomic rationale for the proposed program rests on two pillars of the process governing its preparation. The first is the search for a set of guidelines for the development of a comprehensive, sustainable, and efficient reform of the system. The design of the program, from its conceptual matrix, has incorporated recommendations on various policies, strategies, and inputs that converge to impact on quality, coverage, and equity in the delivery of educational services. The set of subject areas and minimum requirements for the development of provincial projects was defined in such a way as to ensure that the projects would foster sustainable changes. The second "pillar" of the economic rationale for the program lies in a repeated effort to identify least-cost solutions for accomplishing the actions required by the provinces. For example, the provinces are being encouraged to realign the actions and activities contained in their action plans so as to cut out duplication and consolidate actions that can be carried out simultaneously and with pooled resources (for instance, the training of administrators in education management could be combined with technical assistance to encourage them to enter the innovative project competitions, and consultations with the communities of educators, administrators, and supervisors regarding school autonomy could be combined with efforts to generate initiatives and ideas for promoting the involvement of parents and community-based organizations).
- 5.5 The actions proposed in the multiyear action plans interact to generate a smaller set of results and impacts in the education sector. For example, the coordinated provision of equipment, textbooks, and teaching materials, new curriculum designs, teacher training, new teacher-performance incentives, and evaluation and information system improvements can operate as a package to improve the quality of educational services. The coordination of efforts to update curricula and instructional capabilities and to promote school autonomy and accountability can lead to improvements in the quality of services and to a greater ability to respond to the unique features and needs of the target population. A package of innovative projects targeted to the problem of student failures and teacher training could entail better attention to the learning requirements of the beneficiary students. In addition there are an infinite number of possible combinations of coordinated and complementary measures that the provinces would propose to yield particular classroom results.
- 5.6 Each individual action can generate many types of results and impacts. For instance, redefining the salary structure can curb teacher absenteeism - which in turn could free up human resources for meeting other demands of the system - and improve in

instructional quality. It can also contribute to professionalization of the teaching career, create incentives for improved teacher performance, and build the self-esteem of teachers. Each set of actions entails a number of possible impacts. The principal effects of the program will be felt in the classroom: they have to do with providing better-quality, more relevant schooling over a longer period to the children already enrolled in the system as well as to those who enter as a result of the reform initiatives. Another expected classroom impact has to do with an improvement in the equity of education services.

- 5.7 These improvements are expected to lead in the medium and long term to changes in education and learning indicators such as enrollment ratios, educational attainment, repeater and retention rates, and objective learning measurements. Finally, to the extent that learning can actually be made more effective and relevant, impacts could be expected (in the longer run) to become discernible at the secondary and higher education levels and in the form of benefits in the labor market and the advancement of society at large. The program may also generate benefits from savings of resources (which then can be freed up for use elsewhere) as a result of its rationalization of and adjustments in the management of education and the supply of services. Such savings are not expected to bring down education costs, but rather to allow for the reinvestment or redeployment of education-system resources for the purpose of expanding coverage, accommodating the demand ensuing from the lengthening of compulsory school attendance, and instituting strategies for improving instructional quality and incorporating the use of non-teaching resources. Nor is there any expectation of reducing per-pupil expenditures, but rather of increasing the non-salary component of per-pupil costs and ultimately granting a real increase in teacher salaries, which would tend to raise per-pupil costs effectively and efficiently. This would support the view that the benefits associated with increased efficiency of the system provide feedback for new initiatives whose benefits would be felt in the classroom.

- 5.8 In short, the program opens up the possibility of integrating actions and initiatives into an infinite number of combinations yielding a variety of results and benefits. It is anticipated that the benefits will impact, directly or indirectly, on improvements in the instruction and learning that takes place in the classroom.

C. Institutional feasibility

- 5.9 The institutional feasibility of the program rests on (i) the creation of a national coordination unit attached to the ministry's Educational Programming and Evaluation Secretariat, which would be provided with staff and consultants for the purpose of extending technical assistance to the provinces in the implementation of their reforms and investments; (ii) the availability of provincial executing units, each of which would report directly to the Minister of Education of the pertinent province, and of funding for

a team of professionals to serve in each unit; (iii) Operating Regulations laying down a set of reasonably comprehensive rules for implementing the various components of this program and defining the relations between the national ministry and the provincial ministries for the channeling of resources; (iv) support by local and international consultants for the design and development of the reforms; and (v) a general strengthening effect of the program on capacities to bring about institutional, technical, and financial reforms.

- 5.10 The institutional sustainability of the program is based on (i) the reforms of the national legal framework provided for in the new Federal Education Act; (ii) the reforms of provincial policy frameworks envisaged under the program; (iii) the strengthening of provincial ministries and schools to enable them to implement their reforms and investments and sustain them beyond the end of the program; (iv) the institution of planning, management, and supervisory systems at the various education levels; (v) the opportunity for schools, administrators, teachers, aides, and the community, as well as ministry officers, to participate in the planning, implementation, and evaluation of the reforms; and (vi) the gearing of curricula to the characteristics of each province and the systems adopted for evaluation and development. These aspects ensure continuity of the program's positive impact.

D. Financial feasibility

- 5.11 The financial feasibility of the local contribution is based on the Argentine government's intention to double consolidated aggregate public investment in the education system through increases of at least 20% a year beginning with the 1993 budget. The commitment to supply those funds is honored in the budget of the MCE for 1994 and 1995 and strengthened with the signing of the Federal Education Pact in which the national government pledges to transfer a total of US\$3 billion to the provinces in the period from 1995 to 1999. The local counterpart and the prospective loan are included as part of the transfer to the provinces, which ensures the availability of funding for the program. Notwithstanding the fact that the institutional reforms will generate savings, the expansion of coverage and increase in investments will raise the total cost of the operation. Government transfers will go to cover costs for infrastructure, equipment, and teacher training, whereas the incremental recurrent costs triggered by the investments in the program will be paid out of general revenues of the provinces.
- 5.12 In view of the foregoing, securing the local counterpart funds equivalent to US\$300 million is not expected to pose any risk, since this would be only a small part of the funding pledged for the next five years under the terms of the Pact.

E. Impact of the program on women

1. Participation of female students

- 5.13 Enrollment ratios for girls in Argentina are comparable to those for boys. Females account for 52% of the students in primary schools, 53% of those in secondary schools and 46% of the university students throughout the country. Nevertheless, biases are still apparent in the quantitative distribution of the enrollment in the various specialties and modalities of the system and, above all, in the perceptions and expectations conveyed by educational practices at every level with respect to the academic performance of males and females and their future entry into the workforce. One of the challenges of the Federal Education Act, explicitly stated in article 5, is to afford all persons an equal opportunity to develop their potential to the fullest, for their own benefit and in the interest of the community, without discrimination.
- 5.14 The program is intended to support efforts to surmount these problems and achieve the objectives of equity and quality in the delivery of education services. Special emphasis is placed on efforts to secure the participation of the educational community and improve school management; to adapt curriculum content to current social and educational needs and conditions; to extend compulsory school attendance to the ninth year; to purchase and distribute updated textbooks and teaching materials for boys and girls in the neediest areas; and to finance innovative projects designed to enable the schools to attend to the needs of low school achievers.

2. Participation of women as teachers

- 5.15 Ninety-one percent of Argentina's primary-school teachers are women, and 78% of non-university post-secondary students, largely in teacher-training programs, are women. As a result, the steady deprofessionalization of teaching has affected women to a predominant extent, eroding both their image and professional self-esteem and their working conditions. The program will benefit teachers in general through improvements in their training and professional development and changes in statutes, salary structures, and general working conditions.

F. Impact on low-income groups

- 5.16 Actions under the program to strengthen the management of the education system will be beneficial to students in public schools and in certain quarters of the private system. The program will therefore generate benefits for students from various socioeconomic groups.
- 5.17 The public education system, particularly the preprimary and basic general education components, provides service to the medium- and

low-income socioeconomic strata. The program, by definition, therefore meets the requirement of targeting the 19% of the population classified in the low-income bracket and is also consistent with the Eighth Replenishment targets for the social sectors. Furthermore, several elements of the program are directed specifically toward low-income groups, particularly the expansion of the coverage of preprimary education; increased coverage of grades eight and nine, which are now compulsory under the new system; curricular and methodology adjustments to address the problem of student failures; curriculum designs developed to meet special needs of the population; and procurement and distribution of textbooks and teaching materials.

- 5.18 A number of provincial projects include actions aimed at meeting specific needs of low-income groups, such as instructional and institutional innovations; adjustment of curricula to the requirements of bilingualism in indigenous groups; the inclusion of subjects relevant to the area labor market in curriculum design; teacher training for the first reading and writing cycle; strengthening of technical teams that provide assistance to marginal urban schools; and vocational training for students in the third cycle.

G. Risks of the program

- 5.19 Maintenance of the political decision to carry out the reform: A reform of the proposed magnitude and scope requires firm political backing and the ability to build a consensus favoring specific actions and crucial policy and change decisions. The interests of the teachers' unions, particular elements of provincial education management and school administrations could thwart the political will to implement the reforms. In particular, questions pertaining to the pay, forms of hiring, transfer, and dismissal of teachers, the leave system, and the streamlining of staffing rosters could create strong tensions and political controversy.
- 5.20 The national and provincial elections scheduled for 1995 could create a serious obstacle to political continuity and support for the reforms and investments undertaken. Nonetheless, the present scenario is marked by significant progress of the decision favoring the reforms and a public consensus regarding the need to strengthen the education system. The following events are evidence of public and political support behind the overall reform process: (i) the passage of the Federal Education Act; (ii) implementation of the new structure of the MCE based on its functions in the decentralized governance of the education system; (iii) the agreements reached in the Federal Council on Culture and Education in 1993 and 1994 with respect to areas regarded as priorities for ensuring effective application of the Act; (iv) the marked change in the functionality of the consensus-building mechanism of the CFCE, which has made it an effective collegial body to head up the reform process; (v) the effective transfer of educational services other than universities, which places the provinces face to face with a

new reality that calls for reform action; and (vi) the recent signing of the Federal Education Pact by the President and the provincial governors. These advances denote a commitment by the authorities to a process of change that transcends a single administration.

- 5.21 Ability of the provinces to execute the program: One possible risk has to do with the feasibility of executing the program in provinces lacking the necessary experience and capacity to manage the investment projects. Significant progress was made in the course of preparing the program, a stage at which all the provinces were involved from the start, established teams consisting of consultants hired with Preinvestment Fund resources and representatives of the provincial education authorities, and developed diagnoses and action plans reflecting their particular priorities.
- 5.22 Moreover, the Ministry of Culture and Education, in keeping with its new functions, will provide technical and financial assistance to the individual jurisdictions to support their efforts to modernize and adjust their education administrations. This assistance will supplement other institution-strengthening actions undertaken by the provinces with external funding (the World Bank's Secondary Education Decentralization Project; the IDB's Program for Financial Strengthening and Economic Development of the Argentine Provinces).
- 5.23 In conclusion, it should be noted that the provinces themselves have identified their need for support for institutional development and reform and have included various technical assistance requirements for reinforcing provincial managerial capacity among the actions slated for the first year.
- 5.24 Physical capacity to support the reforms: The contributions of local funding for the program may be sensitive to a shift in macroeconomic performance, inasmuch as the bulk of shared revenues comes from value-added tax receipts. Nevertheless, the Fiscal Pact between the national and provincial governments that regulates tax revenue-sharing guarantees the provinces a minimum monthly revenue equivalent to US\$725 million. This threshold gives some degree of stability to the transfers from the national treasury. Argentina historically has honored the terms of such agreements; even in times of hyperinflation or when money has virtually run out for other reasons, the central government has adhered to, and at times gone beyond, the terms of its agreements with the provincial governments. In 1985, when the revenue-sharing law expired for the first time, the national government did not leave the provinces without funds but continued the transfers as if the revenue-sharing arrangement were still in effect.
- 5.25 On the other hand, it will be necessary for the provinces to take on a growing share of the increases in education funding. A province's ability to generate such contributions obviously depends on its political will and on the size and stability of its tax

base. In order to help the provinces boost the funding available for their education systems, the MCE is planning to perform a study of potential sustainable funding sources for the provinces and to provide technical assistance to them on this matter.

- 5.26 Generation of the expected educational impacts: One potential concern is that the planned reforms and investment may not suffice to ensure that students will learn more, and learn better, than they now do or to achieve more equity in the delivery of services. As far as this risk is concerned, it should be kept in mind that the program represents a small investment relative to the total amount of resources to be devoted to these ends and that the benefits of programs such as this to education and to society as a whole often tend to increase over the longer term.
- 5.27 To increase the likelihood that these benefits will materialize, the program will monitor not only its actions but also progress in learning as measured by objective evaluations and by indicators of coverage, quality, internal efficiency, and efficiency in the use of sector resources. Although significant changes in these indicators would not necessarily be discernible in the short run, the monitoring seeks to provide assurance that any adverse trend or stagnation in the variables will trigger adjustments in the provincial action plans to keep the reforms and investments on the right road to educational progress in Argentina.

EDUCATION REFORM AND INVESTMENT PROGRAM
Conceptual Matrix

PROBLEM/AREA	SPECIFIC PROBLEM	PROGRAM GOALS	REFORMS	INVESTMENTS
EDUCATIONAL ASPECTS				
Provincial ments not fully red to assume sibility for ralized education ment.	<p>(a) In several provinces there is duplication in education management, with overlapping efforts and no concerted policy-making.</p> <p>(b) Deficiencies in the planning, administrative, and cost-accounting systems of provincial education authorities.</p> <p>(c) Many provinces do not have the capacity to provide needed technical assistance to schools.</p> <p>(d) Legal framework of the sector in the provinces needs to be adjusted so as to redefine the functions of the various levels of the education system.</p> <p>(e) Insufficient provincial capacity to design and execute investment projects and manage lines of financing.</p>	Institution-strengthening for provincial education management.	<p>Design and implementation of a plan to rationalize provincial education management.</p> <p>Design and institution of an action plan for assistance to schools.</p> <p>Adjustment of the legal framework for education in the province.</p>	Improvements in planning, administrative, and accounting systems. Training of provincial employees.
For no school my limits ative and local icipation.	(a) Schools play only an operational role, with little educational innovation.	Strengthen the school as the basic unit of school management.	Definition of areas of school autonomy. Regulation of the provincial role in those areas.	Training of school administrators. Innovative projects.
itarian school ment styles t.	(a) Little community say in education management.	Improve school management.	Definition of areas and procedures for participation of the education community.	Projects to promote community involvement.

EDUCATION REFORM AND INVESTMENT PROGRAM
Conceptual Matrix

PROBLEM/AREA	SPECIFIC PROBLEM	PROGRAM GOALS	REFORMS	INVESTMENTS
Information system does not provide enough of the kind of information monitoring, evaluation, and feedback.	(a) Few education information systems in the provinces.	Establish effective monitoring, evaluation, and feedback systems for the sector.		Equipment and implementation of education information systems in the provinces.
	(b) Provinces do not have adequate systems to assess educational and administrative processes.		Provincial regulation of the responsibilities for sector oversight, evaluation, and feedback. Action plan to strengthen process supervision and evaluation strategies.	Initial implementation of process-evaluation systems.
	(c) Few provinces have systems to assess preprimary and basic general education outcomes.		Action plan to assess educational outcomes at the preprimary and basic general education levels.	Implementation of national provincial systems for assessing educational outcomes in preprimary and basic general education.
FINANCIAL ASPECTS				
Public funding for education is skewed and inefficient.	(a) Public funding is skewed in favor of post-secondary education.	Enhance the social equity and efficiency of public funding for education.	Increase the share of spending directed to preprimary and basic general education.	
	(b) Budget allocations are skewed against non-salary costs.		Increase the share that goes to non-salary costs.	
	(c) School-funding criteria do not create incentives to quality or efficiency.		Study, regulation, and implementation of school-funding mechanisms and formulas to reward quality and efficiency.	
	(d) Public subsidies to some private establishments do not necessarily further the equity or efficiency of the system.		Provincial regulation and eventual reallocation of subsidies being provided to private educational establishments.	

EDUCATION REFORM AND INVESTMENT PROGRAM
Conceptual Matrix

PROBLEM/AREA	SPECIFIC PROBLEM	PROGRAM GOALS	REFORMS	INVESTMENTS
icient provincial ment in education.	(a) Federal Education Act calls for doubling funding for education over five years. The provinces do not yet have a strategy for complying with this provision of the Act.	Design and implement strategies leading to an effective increase in educational funding as prescribed by the Act.	Signature of the Federal Education Pact by the province. Design and start-up of an action plan to increase funding for education and sustain education reforms.	
ERS				
er training is ate and for the part outdated and of quality.	(a) Planning of teacher training does not respond to the needs of the school system. (b) Training of trainers is inadequate. (c) Teacher-training institutions lack the resources to offer high-quality education.	Strengthen and improve the quality of teacher training.	Design and implementation of a provincial plan to rationalize the supply of teacher training and accredit teachers colleges. Evaluation and eventual reassignment of faculty in teacher-training institutes. Rationalization or expansion of funding for teacher-training institutions.	Innovative teacher-tr projects in teachers' colleges.
icient training of rators, administra- teachers, and other ion professionals.	(a) The system does not consistently offer professional development programs for teachers.	Establish adequate staff development mechanisms based on the scheduled reforms.	Design and implementation by the provinces of a training plan for supervisors, administrators, teachers, and other professionals.	Refresher programs fo supervisors, administ teachers, and other professionals.
tions and ions governing the ng profession and g conditions are uate and contribute low quality and ciency of the .	(a) Present teaching statutes are rigid and ambiguous.	Professionalize the teaching career, improve working conditions, and rationalize the teaching roster.	Reform of the statutes governing teachers and other education professionals. Development and implementation of a plan to bring in the reforms.	

EDUCATION REFORM AND INVESTMENT PROGRAM
Conceptual Matrix

PROBLEM/AREA	SPECIFIC PROBLEM	PROGRAM GOALS	REFORMS	INVESTMENTS
	(b) No separate career paths for teachers, technicians, administrators, and executives. (c) Provisions on conflicting professional activities and leave add to the inefficiency of the system. (d) Some teachers are performing administrative duties; others are idle. (e) Teachers have little real classroom time.		Design and implementation of an action plan to rationalize provisions governing leave and incentives. Design and implementation of a plan to rationalize the teaching roster. Institution of systems to ensure staff spend more time in duties inherent to their position.	
Teacher salaries and of incentives contribute to poor performance of teachers with regard in which are held.	(a) Pay and incentive structure does not promote quality performance. (b) Low salaries dampen motivation and impair teaching quality.	Provide viable, merit-based salary increases.	Study and regulation of new pay and incentive structures based on criteria established by the CFCE. Design and implementation of provincial salary-increase plans.	
Strengthening of compulsory education mandated by the Education Act heighten demand for qualified teachers.	(a) There will be more demand for qualified teachers for preprimary and third cycle of basic general education.	Satisfy the added demand for qualified teachers.	Design and implementation of provincial plans for redeploying, training, or hiring qualified teachers to meet the new demand.	
CURRICULUM DESIGN AND IMPLEMENTATION				
Outdated school curricula unresponsive to the needs of today's society and new structure of education system.	(a) Outdated designs. (b) New designs not implemented.	Strengthen the provinces' capacity to design, update, implement, and evaluate curricula.	Design of new curricula meeting CFCE core-content requirements. Plan for implementing, evaluating, and updating curriculum designs.	Printing and distribution of curriculum designs and teacher's guides. Training of teachers in the new designs and

EDUCATION REFORM AND INVESTMENT PROGRAM
Conceptual Matrix

PROBLEM/AREA	SPECIFIC PROBLEM	PROGRAM GOALS	REFORMS	INVESTMENTS
Efficient acquisition, distribution, and distribution of textbooks and other teaching materials.	(a) A shortage of good-quality textbooks and materials. (b) Lengthening of mandatory schooling is generating even greater demand for textbooks and materials.	Distribute textbooks and materials to neediest areas to make up the shortfall and meet the demand created by the lengthening of mandatory schooling.		Programs to purchase and distribute textbooks and teaching materials to areas in greatest need.
Enough programs targeted to groups with special needs.	(a) High first-grade repeater rates. (b) High drop-out rates among 13- and 14-year-olds.	Strengthen provincial capacity to design and implement programs tailored to needs of low-achieving student groups.		Innovative education assistance projects to address the problems of failing students.

STRUCTURE AND EQUIPMENT

Plant and equipment not adequately maintained.	(a) Insufficient provincial capacity to plan and manage plant and equipment maintenance. (b) Insufficient budget funds for maintenance.	Strengthen preventive and corrective maintenance of plant and equipment.	Design and implementation of a strategy for improving the condition of infrastructure and providing for preventive and corrective maintenance. Budgetary commitment for maintenance. Design and start-up of a plan to raise maintenance budgets.	
Plant and equipment inadequate (in terms of quantity and quality) for complying with the Federal Education Act.	(a) Lengthening of compulsory schooling and curriculum reforms require more and/or better infrastructure and equipment for preprimary and basic general education.	Expand and adapt plant and equipment.		Expansion and adaptation of plant and equipment for preprimary and basic education.

EDUCATION REFORM AND INVESTMENT PROGRAM
Summary of Results and Impacts

IMPACTS	RELATES TO: (Results)	CAUSED BY: (Actions)
ational attainment, higher ratios (coverage)	Lengthening of compulsory schooling. Lowering of drop-out and repeater rates (better student retention; lowering of failure rate).	Coordinated endowment of infrastructure, equipment, teacher training, curricula, and inputs to meet the demand generated by lengthening of compulsory schooling and by system improvements. Targeted programs to lower the failure rate.
levance of education.	Better-quality educational services. More responsive schools.	Curriculum updating. Teacher training. Promotion and expansion of school autonomy. Fostering of community input. Systems to assess outcomes and learning.
ive learning – preprimary eneral education.	Better-quality educational services. Stronger education-community commitment to education. School strengthening. More responsive schools. Greater accountability of administrators and teachers. Better trained and motivated teachers.	Curriculum updating. Teacher training and professional development. Distribution of textbooks and materials. Upgrading of equipment and infrastructure. Technical assistance to schools. Reform of working conditions in the teaching profession. Promotion and expansion of school autonomy. Fostering of community input. Educational information, supervision, and evaluation systems. Innovative school projects. Reforms of teacher working conditions leading to improved teacher incentives.
ive learning – teacher	Better-quality educational services.	Curriculum updating. Teacher training. Distribution of textbooks and materials. Upgrading of equipment and infrastructure. Information, supervision, and evaluation systems. Accreditation of teacher-training institutes. Innovative teacher-training projects.
ible delivery of services.	Targeting of efforts toward groups at high risk of school failure.	Projects to lower the failure rate. Distribution of textbooks and materials to the student groups of greatest need. Teacher training and professional development, including targeted efforts. Inclusion of equity criteria in school-funding requirements.
essional development for	Improvements in working conditions. Professionalization of the teaching career.	Reform of statutes, salary structures, and incentives. Strengthening of teacher training and professional development.

EDUCATION REFORM AND INVESTMENT PROGRAM
Summary of Results and Impacts

IMPACTS	RELATES TO: (Results)	CAUSED BY: (Actions)
Resources for administration of the system.	Elimination of overlapping and redundancies. Improvements in the quality of managerial and administrative support. Elimination of unsuccessful practices. Feedback from and for the education system.	Rationalization of education management. Training of provincial employees. Adjustment of policy framework. Information, accounting, supervision, and evaluation system.
Teachers; reassignment to in education.	Rationalization of the teaching roster. More appropriate allocation of instructional staff. Improvements to teacher incentives. Reduction of absenteeism.	Rationalization of the teaching roster. Relocation and reassignment of teachers. Reconfiguration of the salary and incentives structure. Rationalization of the system of leaves and rules on confidential professional activities. Implementation of systems whereby staff will devote more duties inherent in their positions.
Funds for repairs and maintenance.	Reduction of damage to and deterioration of infrastructure. Timely preventive and corrective maintenance.	Strengthening and financing of infrastructure-maintenance.
Resources allocated for and basic general possible reallocation for in education.	Elimination of unsuccessful practices on the basis of education-system feedback. Reduction of inefficiencies. Accountability of administrators and teachers. Reduction of repeater and drop-out rates.	Technical assistance to schools. Planning, information, supervision, and evaluation system. Greater school autonomy. Targeted projects to lower the failure rate. Innovative school management projects.
Resources for teacher possible reallocation for additional uses.	Elimination of unsuccessful practices on the basis of education-system feedback. Elimination of ineffective or duplicate programs. Reduction of inefficiencies. Accountability of administrators and trainers.	Planning, supervision, and evaluation systems. Rationalization of the teacher-training supply.

EDUCATION REFORM AND INVESTMENT PROGRAM
Identification of Results and Impacts

PROGRAM GOAL	REFORMS	INVESTMENTS	RESULTS	IMPACTS
INSTITUTIONAL ASPECTS				
Provincial management entities.	Design and implementation of a plan to rationalize education management in the province. Design and implementation of an action plan for assistance to schools. Adjustment of the province's legal framework for the sector.	Implementation of improvements in planning, administration and accounting systems. Training of provincial staff.	Reduction of duplication and redundancies. Improvement in the quality of managerial and administrative support. More and better inputs into policy and program formulation. Improvement in program quality. Efficiency and quality at the school level. Institution of the education reforms.	Savings or freeing up of resources used in school administration and management. Improvement in the quality of learning. Future efficiency in school administrative management. Savings in resources used in the delivery of services for effective learning. Sustainability, stability and consistency of the reforms.
The school as the basic unit of management	Definition of areas of school autonomy. Regulation of the provincial role in those areas.	Training for school administrators. Innovative school projects.	Improvements in quality and greater relevance. Accountability of administrators.	More effective learning. More relevant or higher quality learning content.
Local management.	Definition of areas and procedures for education-community participation.	Projects to foster community participation.	Improvement in quality and relevance. Stronger commitment. Greater accountability.	More effective learning. More relevant or higher quality learning content.
Effective sector evaluation, and monitoring systems.	Provincial regulation of responsibilities for supervision, evaluation, and feedback. Plan of action to strengthen strategies for supervision and evaluation processes.	Equipment and implementation of education-information systems in the provinces. Initial implementation of process-evaluation strategies.	More and better inputs into planning and evaluation processes. Timely feedback and adjustment. Improvement in the quality of education services. Timely adjustments of education processes. Improvements in the quality of education services.	More effective learning. Potential savings from adjustments ensuing from planning and evaluation processes. More effective learning. Potential savings from adjustments ensuing from planning and evaluation processes.
	Plan of action to evaluate educational outcomes at the preprimary and basic general levels.	Implementation of national and provincial systems for evaluating outcomes at the preprimary and basic general levels.	Timely adjustment, feedback, and response.	More effective learning. Potential savings from adjustments ensuing from planning and evaluation processes.

EDUCATION REFORM AND INVESTMENT PROGRAM
Identification of Results and Impacts

PROGRAM GOAL	REFORMS	INVESTMENTS	RESULTS	IMPACTS
FINANCIAL ASPECTS				
social equity and of public funding n.	<p>Increase in the share of spending for preprimary and basic general education.</p> <p>Increase in the share of non-salary costs.</p> <p>Study, regulation, and implementation of school-funding mechanisms and formulas to reward quality and efficiency.</p> <p>Provincial regulation and possible redirecting of subsidies going to private educational institutions.</p>		<p>Sustainability, efficiency and quality.</p>	<p>Initiatives to improve efficiency of spending it possible to generate other benefits. The a described here are des facilitate the funding other benefits. Action financial area could t be described as <u>means</u> facilitating the other benefits.</p> <p>Greater equity in educ spending.</p>
Implement o effectively nding on rsuant to the t.	<p>Signature of the Federal Education Pact by the province.</p> <p>Design and implementation of an action plan to raise funding for education and sustain the education reforms.</p>		<p>Provide the resources for financing the expansion of coverage, lengthening of mandatory schooling, and quality-improvement initiatives.</p>	<p>Initiatives to increas funding should make it to generate the other The actions described designed to facilitate funding of the other b Actions in the financi could therefore be des <u>means</u> of facilitating benefits.</p>
TEACHERS				
nd improve the teacher training.	<p>Design and implementation of a provincial plan to rationalize the supply of teacher training and accredit teacher-training institutes.</p> <p>Evaluation and possible reassignment of instructional personnel in teacher-training institutes.</p>		<p>Improvement in the quality of teacher training. Trickle-down improvements in overall quality of education services. Stronger incentives to enroll in teacher-training institutes.</p> <p>Reduction of inefficiencies and unsound programs.</p>	<p>More effective learning students in teacher-tr institutes.</p> <p>More effective learning students of the future teachers. Resource sa</p> <p>Saving of funds, with possibility of reinves to upgrade quality of teacher-training insti be retained.</p>

EDUCATION REFORM AND INVESTMENT PROGRAM
Identification of Results and Impacts

PROGRAM GOAL	REFORMS	INVESTMENTS	RESULTS	IMPACTS
	Rationalization or increase in funding for teacher-training institutions.	Innovative teacher-training projects at teacher-training institutions	Improvement in the quality of teacher training. Trickle-down effect on the quality of education services.	More effective learning for students in teacher-training institutions. More effective learning for students of the future teachers.
Establishable mechanisms for development in the scheduled	Design and implementation by the provinces of a plan for training supervisors, administrators, teachers, and other professionals.	Refresher programs for supervisors, administrators, teachers, and other professionals.	Improvements in teaching. More relevant and up-to-date teaching methods and content.	More effective and relevant learning.
Rationalize the teaching roster to improve working conditions and rationalize the roster.	Reform of the statutes for teachers and other education professionals. Development and start-up of an action plan for instituting the reforms. Design and start-up of an action plan to rationalize the system of leaves and incentives.		Professionalization of the teaching career. Improvement of working conditions, with the consequent impact on the motivation and commitment of teachers. Improvement in the quality of teaching. Reduction of teacher absenteeism.	Broader professional development for teachers. Improvements in learning. Saving of resources used to cover absenteeism. Improvements in learning by teaching roster more s
	Design and implementation of a plan to rationalize the teaching roster. Institution of systems to have staff spend more time on duties inherent to their position.		Reduction of the roster or reassignment to serve a larger number of students with current roster. Reduction of teacher absenteeism. Greater commitment on teachers' part. Better-quality teaching.	Saving of resources. Saving of resources used to cover absenteeism. Improved learning.
Merit-based pay increases.	Study and regulation of new pay and incentive structures consistent with CFCE criteria.		Improvement of pay incentives for teachers, with the consequent effects on motivation and commitment. Improvement in the quality of teaching.	Broader professional development for teachers. Learning improvements.
	Design and implementation of provincial salary-increase plans.			
Added demand for teachers.	Design and implementation of provincial plans for redeploying, training, and hiring qualified teachers to meet the added demand.		Furthering the system's ability to accommodate the demand generated by the lengthening of compulsory schooling.	Expanded coverage. Increased educational attainment for students already in the

EDUCATION REFORM AND INVESTMENT PROGRAM
Identification of Results and Impacts

PROGRAM GOAL	REFORMS	INVESTMENTS	RESULTS	IMPACTS
CURRICULUM DESIGN AND IMPLEMENTATION				
provincial capacity update, implement, e curricula.	Design of new curricula reflecting the core content prescribed by the CFCE.	Printing and distribution of curriculum designs and teacher guides. Training on the new designs and guides.	Updating of curriculum contents and study programs. Changes in teaching methods. Improvements in the quality of education services.	More effective, relevant, applicable learning.
	Plan for the implementation, evaluation, and updating of curriculum designs.		Institution of a process of continuous curriculum updating.	Continuing curriculum relevance.
textbooks and the neediest use the gaps and demand created by ing of compulsory		Programs to purchase and distribute textbooks and teaching materials to the neediest areas.	Improved learning support. Improvement in the quality of education.	More effective learning
the ability of the design and programs targeted to g student groups.		Innovative educational and assistance programs to address the problem of student failures.	Targeted improvements in learning support. Targeted improvements in educational quality.	More effective learning Contribution to equity educational achievement
INFRASTRUCTURE AND EQUIPMENT				
preventive and maintenance of equipment.'	Design and implementation of a strategy for improving the condition of infrastructure and ensuring preventive and corrective maintenance thereof. Establish a budget commitment for maintenance. Design and institute a plan to raise the maintenance budget.		Timely programming and performance of repairs and maintenance. Lower repair costs; damage averted.	Savings by averting co repairs or replacement
adapt infra- nd equipment.		Expansion and adaptation of plant and equipment for preprimary and basic general education.	Physical capacity to accommodate the demand created by the lengthening of compulsory schooling.	Broader coverage. Hig educational attainment students already in th

APENDICE

PROPOSED RESOLUTION

ARGENTINA. LOAN /OC-AR. TO THE REPUBLIC OF ARGENTINA
PROGRAM OF REFORM AND INVESTMENTS IN EDUCATION

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Argentina, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a program of reform and investments in education. Such financing will be for the amount of up to three hundred million dollars of the United States of America (US\$300.000.000), or its equivalent of in other currencies, except that of Argentina, which are part of the Ordinary Capital resources of the Bank, and it will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.