

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**URUGUAY**

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP)**

**(UR-O1151)**

**AND**

**FIRST INDIVIDUAL OPERATION**

**PROGRAM OF SUPPORT FOR SECONDARY EDUCATION AND TEACHER  
TRAINING: TOWARDS SEAMLESS AND COMPLETE LEARNING PATHWAYS**

**(UR-L1116)**

**LOAN PROPOSAL**

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| <b>REQUIRED</b>  |   |
| 1.               | <a href="#">Multiyear execution plan</a>                          |
| 2.               | <a href="#">Monitoring and evaluation plan</a>                    |
| 3.               | <a href="#">Environmental and Social Management Report (ESMR)</a> |
| 4.               | <a href="#">Procurement plan</a>                                  |
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## ABBREVIATIONS

|         |   |
|---------|---|
| ANEP    | Administración Nacional de la Educación Pública [National Public Education Administration]  |
| CCLIP   | Conditional Credit Line for Investment Projects   |
| CEIBAL  | Conectividad Educativa de Informática Básica para el Aprendizaje en Línea [Basic Educational Connectivity for Online Learning]                          |
| CES     | Consejo de Educación Secundaria [Secondary Education Council]   |
| CETP    | Consejo de Educación Técnico-Profesional [Technical-Vocational Education Council]   |
| CFE     | Consejo de Formación en Educación [Teacher Training Council]  |
| CODICEN | Consejo Directivo Central [Central Steering Council]  |
| DIEE    | Dirección de Investigación, Evaluación, y Estadística [Research, Evaluation, and Statistics Division]   |
| EDP     | Extended-day secondary school program   |
| ESMR    | Environmental and Social Management Report  |
| FDP     | Full-day secondary school program   |
| INE     | Instituto Nacional de Estadísticas [National Statistics Institute]  |
| INEED   | Instituto Nacional de Evaluación Educativa [National Educational Assessment Institute]  |
| LAC     | Latin America and the Caribbean   |
| LSE     | Lower secondary education   |
| MEMFOD  | Programa de Modernización de la Educación Media y Formación Docente [Secondary Education Modernization and Teacher Training Program]                    |
| OECD    | Organisation for Economic Co-operation and Development  |
| OEL     | Optional electronic link  |
| PAEMFE  | Programa de Apoyo a la Educación Media y Técnica y a la Formación en Educación [Secondary and Technical Education and Teacher Training Support Program] |
| PISA    | Programme for International Student Assessment  |
| PORs    | Program Operating Regulations   |
| PPP     | Public-private partnership  |
| REL     | Required electronic link  |
| SELE    | Sistema de Evaluación de Logros Educativos [Educational Achievement Assessment System]  |
| SIIF    | Sistema Integrado de Información Financiera [Integrated Financial Information System]   |
| USE     | Upper secondary education   |
| UCDIEs  | Unidades Coordinadoras Departamentales de Integración Educativa [Departmental Education Integration Coordination Units]                                 |

## PROJECT SUMMARY

### URUGUAY CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) (UR-O1151) AND

### FIRST INDIVIDUAL OPERATION PROGRAM OF SUPPORT FOR SECONDARY EDUCATION AND TEACHER TRAINING: TOWARDS SEAMLESS AND COMPLETE LEARNING PATHWAYS (UR-L1116)

| Financial terms and conditions  |                            |                                 |          |  |  |
|---|----------------------------|---------------------------------|----------|--|--|
| <b>Borrower:</b> Eastern Republic of Uruguay<br><b>Executing agency:</b> Administración Nacional de la Educación Pública [National Public Education Administration] (ANEP)  |                            |                                 |          | <b>Flexible Financing Facility<sup>(a)</sup></b> |  |
|   |                            |                                 |          | <b>Amortization period:</b>                      | 25 years                               |
|   |                            |                                 |          | <b>Original average weighted life (AWL):</b>     | 15.25 years <sup>(b)</sup>             |
|   |                            |                                 |          | <b>Disbursement period:</b>                      | 5 years                                |
|   |                            |                                 |          | <b>Grace period:</b>                             | 5.5 years                              |
| <b>Source</b>   | <b>CCLIP US\$ millions</b> | <b>First loan US\$ millions</b> | <b>%</b> | <b>Inspection and supervision fees</b>           | <sup>(c)</sup>                         |
| <b>IDB (Ordinary Capital)</b>   | 200                        | 50.0                            | 66.9     | <b>Interest rate:</b>                            | LIBOR based                            |
| <b>Local</b>  |                            | 24.7                            | 33.1     | <b>Credit fee:</b>                               | <sup>(c)</sup>                         |
| <b>Total</b>  | 200                        | 74.7                            | 100.0    | <b>Currency of approval:</b>                     | U.S. dollars from the Ordinary Capital |
| Project at a glance   |                            |                                 |          |  |  |
| <b>Project objective/description:</b> The objective of the Conditional Credit Line for Investment Projects (CCLIP) is to help improve access to and the quality of secondary education. The objective of the first individual operation under the CCLIP is to improve access to and the quality of secondary education in Uruguay with the aim of achieving seamless and complete learning pathways.  |                            |                                 |          |  |  |
| <b>Special contractual conditions precedent to the first disbursement:</b> (i) ANEP will have appointed the program executing unit; and (ii) ANEP will have presented program Operating Regulations that are satisfactory to the Bank (paragraph 3.4).  |                            |                                 |          |  |  |
| <b>Special execution conditions:</b> (i) Prior to awarding the contracts for each of the program's works, evidence will be submitted to the Bank that ANEP has ownership, possession, or commodatum of the property where the work will be built, rights-of-way, and other rights necessary for its construction and use, and technical justification for the work; (ii) prior to beginning the activities under the inexperienced teacher onboarding, support, and professional development program, the final design of that program will be submitted to the Bank, based on a draft agreed upon in advance; and (iii) prior to beginning the activities to strengthen the decentralized boards and the Departmental Education Integration Coordination Units (UCDIEs), the corresponding strengthening plan for the protection of learning pathways will be submitted to the Bank, based on a draft agreed upon in advance, and will include guidelines for operation of the fund mentioned in Component 3 of the program (paragraph 3.5). |                            |                                 |          |  |  |
| <b>Exceptions to Bank policy:</b> None.   |                            |                                 |          |  |  |

| Strategic alignment                        |  |                             |                             |
|--|--|-----------------------------|-----------------------------|
| <b>Challenges:</b> <sup>(d)</sup>          | SI <input checked="" type="checkbox"/> | PI <input type="checkbox"/> | EI <input type="checkbox"/> |
| <b>Crosscutting issues:</b> <sup>(e)</sup> | GD <input type="checkbox"/>            | CC <input type="checkbox"/> | IC <input type="checkbox"/> |

- (a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency and interest rate conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) The original AWL of the loan may be shorter, depending on the date on which the loan contract is signed.
- (c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.
- (d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problems addressed, and rationale

- 1.1 Uruguay's socioeconomic conditions make it an acknowledged leader in the region. Between 2003 and 2015, the economy grew at an average annual rate of 4.7%. Economic growth was accompanied by a significant reduction in inequality. Between 2006 and 2015, the Gini coefficient fell from 0.46 to 0.39, the poverty rate shrank from 32.5% to 9.7%, and the incidence of indigence dropped from 2.5% to 0.3%.<sup>1</sup>
- 1.2 Historically, Uruguay has also been at the vanguard in the region in terms of educational achievement. It was one of the first Latin American countries to achieve universal access to primary education, in the second half of the last century, and, in the 1980s, universal primary school completion.<sup>2</sup> The first tests under the Program for International Student Assessment (PISA) conducted in Uruguay (2003) showed good relative results. The country had the narrowest gap in the region with respect to the countries of the Organisation for Economic Co-operation and Development (OECD)—a trend that continued in mathematics in the 2006 round of tests. Despite its good relative performance, Uruguay was already exhibiting significant socioeconomic gaps in learning in the 2003 PISA.<sup>3</sup>
- 1.3 Uruguay's education system presents significant challenges for achieving seamless, complete, and successful learning paths for young people. Despite having achieved universal coverage in primary school, a significant percentage of Uruguayan students repeat the early grades (13.4% in grade 1 and 6.9% in grade 2). These high repeater rates mean that pupils fall behind and, by grade 6, 29% of them are over-age.<sup>4</sup> The problems of internal efficiency in primary education have an impact on secondary education,<sup>5</sup> where Uruguay faces three challenges: (i) intake, retention, and graduation of young people in the system; (ii) quality in terms of learning and the development of competencies; and (iii) equity. With respect to the first challenge, even though secondary education is compulsory,<sup>6</sup> school attendance drops upon entry into this level. In 2013, the net enrollment rate in lower secondary education (LSE)—12- to 14-year-olds—was 76.2%. The difficulty encountered by the system in attracting young people is compounded by high internal inefficiency: 25% of Uruguayan LSE students lag two or more years behind in school. As a result, the LSE graduation rate is just 57%. All the LSE indicators place Uruguay in an unfavorable position compared to countries like Chile and Ecuador (see Figure 1.1). The situation is worse in upper secondary education (USE)—15- to 17-year-olds—where the system has difficulty in retaining the young people. At that level, the net

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<sup>1</sup> [OEL#4](#). Note 1

<sup>2</sup> [OEL#4](#). Note 2

<sup>3</sup> Uruguay's average scores in the 2003 PISA were 422 points in mathematics and 434 in reading, which are 85% and 88% of the OECD average, respectively. OECD (2004). PISA 2003 Report. See also OECD (2007). PISA Report 2006. Paragraph 1.4 of this document revisits the results of the most recent PISA round (2012) and discusses Uruguay's relative step backwards with respect to other countries in the region.

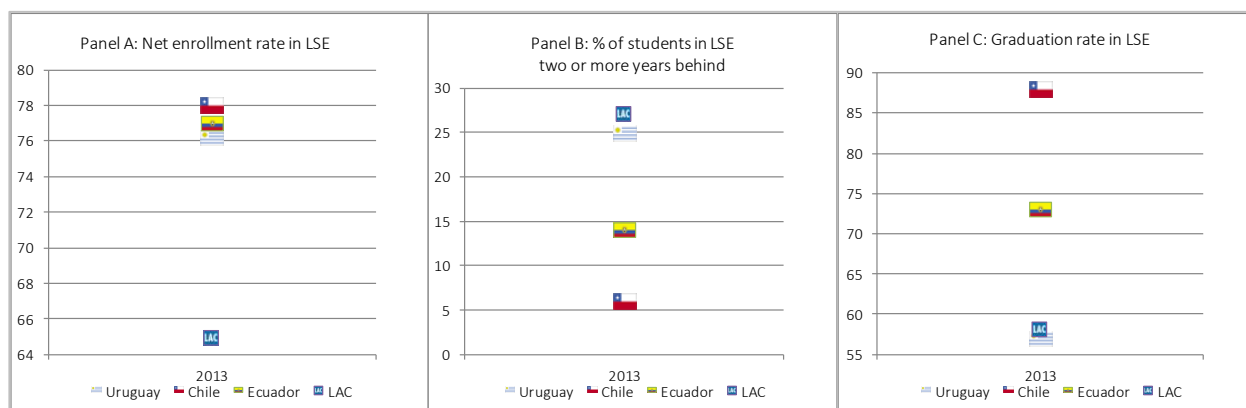
<sup>4</sup> For students in income quintile 1, the over-age rate is 42%. ANEP (2015).

<sup>5</sup> [OEL#4](#). Note 3

<sup>6</sup> [OEL#4](#). Note 4

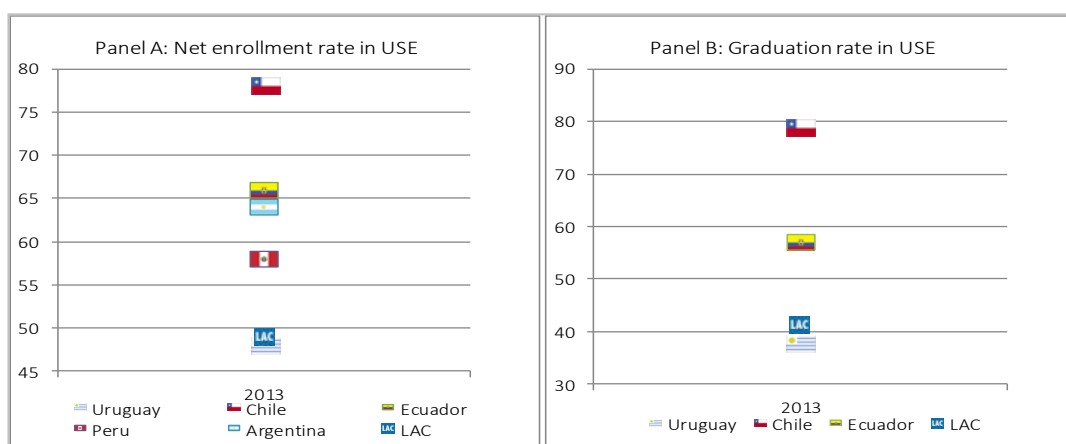
enrollment rate is just 48% and the graduation rate is 38%, with both figures well below those for other South American countries (see Figure 1.2).<sup>7</sup>

**Figure 1.1: Coverage and internal efficiency indicators in LSE, 2013**



Source: Education Statistics Portal (CIMA), 2016 (IDB).

**Figure 1.2: Coverage and internal efficiency indicators in USE, 2013**



Source: CIMA, 2016 (IDB).

- 1.4 With regard to the second challenge, education quality, Uruguay has made little progress. The PISA results indicate a drop in average scores between 2003 and 2012 in mathematics (from 422 to 409 points, which is the equivalent of one third of a school year) and in language (from 434 to 411 points, equivalent to more than one half of a school year), and they also point to a step backwards in relative terms with respect to other Latin American and Caribbean countries.<sup>8</sup> In mathematics and

<sup>7</sup> [OEL#4](#). Note 5

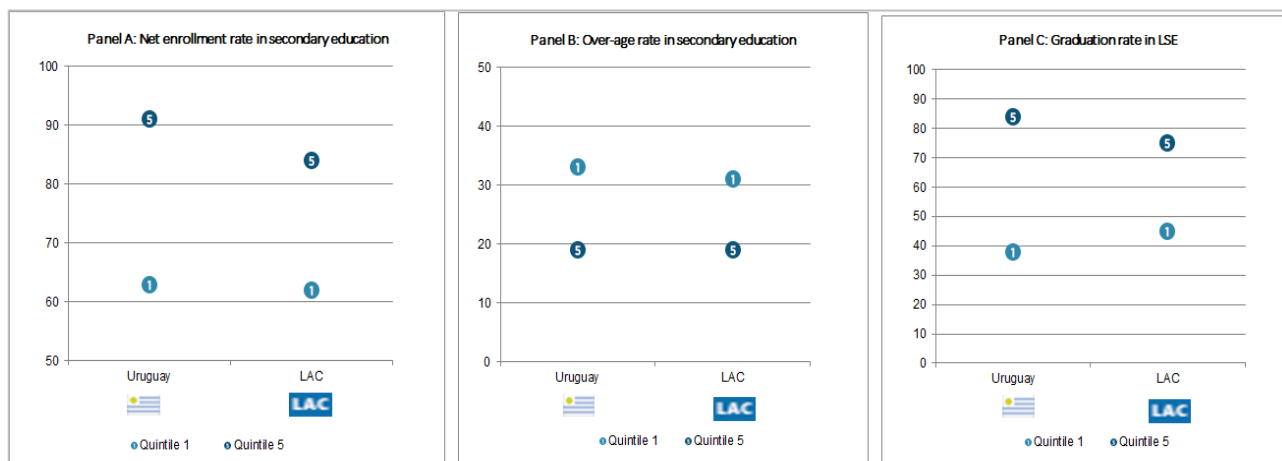
<sup>8</sup> For example, in mathematics Chile obtained an average score of 423 points and Mexico 413 (in reading, they scored 441 and 424, respectively). In terms of ranking, Uruguay moved from first among the Latin American countries participating in PISA in 2003 to fourth in reading and third in mathematics in 2012. Lastly, Uruguay was the only country in the region whose average scores fell in all the subjects evaluated. Bos, S. et al. (2014). *América Latina en PISA 2012*. Brief #1: ¿Cómo le fue a la región? IDB.



reading, 56% and 52% of Uruguayan students scored in the lowest performance levels, respectively, compared to 52% and 39% of Chilean students.<sup>9</sup> These poor performance rates suggest that Uruguayan young people have not learned the minimum competencies required for success in the twenty-first century.

- 1.5 The third challenge for secondary education is equity. Uruguay exhibits wide gaps in net enrollment, over-age, and graduation rates by socioeconomic level. While 91% of young people in the highest income quintile attend secondary school, just 63% of those in the lowest quintile do so. In the case of over-aged students, the rate is 19% for the highest quintile, but 33% for the lowest. The graduation rate from LSE for the highest quintile is 84% but just 38% of young people in the lowest quintile finish this level. Lastly, the gaps are wider than the Latin American average (see Figure 1.3).<sup>10</sup> PISA also reflects gaps in learning by socioeconomic level. Uruguayan students in the highest socioeconomic quartile calculated by PISA earn 108 points more than those in the lowest quartile. This difference in points equals more than 2.6 years of schooling, which is the widest gap in Latin America and the Caribbean, and increased slightly between 2003 and 2012, mainly due to worsening scores among the poorest students.<sup>11</sup>

**Figure 1.3: Coverage and internal efficiency by income quintile, 2013**



Source: CIMA, 2016 (IDB).

- 1.6 Various factors explain the Uruguayan education system's difficulties in attracting and retaining all young people and in ensuring that they acquire the competencies they need to succeed in the workplace and contribute to society, specifically: (i) a fragmented curriculum that is not coordinated between cycles; (ii) teacher training and careers that leave teachers ill-equipped to address the challenges of secondary education; (iii) institutional architecture of the system that makes coordination difficult; (iv) limited information for improving secondary education; (v) absence of a

<sup>9</sup> [OEL#4](#). Note 6

<sup>10</sup> [OEL#4](#). Note 7

<sup>11</sup> [OEL#4](#). Note 8

comprehensive strategy to address the challenges of secondary education; and (vi) inadequate secondary school physical infrastructure.

- 1.7 **Fragmented curriculum that is not coordinated between cycles.** The curriculum is classical in concept, focusing on subject areas and following a tradition of preparation for university studies; it has limited contents related to workplace performance or to personal and social development.<sup>12</sup> There are a large number of subjects—13 a year on average—each with few classroom hours. Total teaching time is just 612 hours/year in LSE and 409 hours/year in USE.<sup>13</sup> The result is a school system that is not sufficiently attractive to young people. The main reason that students between the ages of 15 and 17 drop out is lack of interest in what schools have to offer.<sup>14</sup>
- 1.8 **Teacher training and careers that leave teachers ill-equipped to address today's challenges.** Teachers in secondary education need new tools to respond to the challenges of attracting and retaining students and promoting learning quality for all students. Teachers have received pre-service teacher training marked by the fragmentation of knowledge, contents that overlap, lack of trainer training in some subjects, and little connection with the work of teaching.<sup>15</sup> There is no formal process for onboarding, support, and professional development for new secondary school teachers that facilitates their transition to working in secondary schools. Furthermore, most teacher trainers have a work schedule that is less than part time, they choose their work hours each year, and turnover is frequent.<sup>16</sup> The academic system in Uruguayan teacher training institutions (TTIs) is not very flexible or adapted to the needs of the students, most of whom work and have family responsibilities.<sup>17</sup> In places outside the capital, secondary school teaching positions are frequently offered to students in pre-service teacher training. These factors act as incentives for them to leave their teacher education programs: of every 100 students who enrolled in TTIs in 2008, just eight graduated in 2012.<sup>18</sup> As a result, a large percentage of secondary school teachers do not have teaching diplomas, or are substitute or interim teachers.<sup>19</sup> This is compounded by a career that rewards seniority and uses an assignment system that creates unstable teams, with teachers scattered among schools.<sup>20</sup> There are shortages of teachers in some subjects, such as science and language, which means that some classes do not have teachers at the start of the school year,<sup>21</sup> with the resulting negative impact on student learning.
- 1.9 **The Uruguayan education system's institutional architecture makes it difficult to develop coordinated actions for improvement.** Two institutions bear the main

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<sup>12</sup> [OEL#4](#). Note 9

<sup>13</sup> [OEL#4](#). Note 10

<sup>14</sup> [OEL#4](#). Note 11

<sup>15</sup> [OEL#4](#). Note 12

<sup>16</sup> [OEL#4](#). Note 13

<sup>17</sup> [OEL#4](#). Note 14

<sup>18</sup> [OEL#4](#). Note 15

<sup>19</sup> [OEL#4](#). Note 16

<sup>20</sup> [OEL#4](#). Note 17

<sup>21</sup> As of May 2016, 200 classes had no assigned teachers. Broken down by subject area, 40% of natural sciences classes and 40% of language classes (Spanish and English) had no teachers.

responsibility for basic public education: (i) the Ministry of Education and Culture (MEC), as coordinator of education policies; and (ii) the National Public Education Administration (ANEP), an independent institution with its own legal status that is responsible for planning, managing, and administering the public education system at the early childhood, primary, secondary, technical, and teacher-training levels. ANEP is headed by the Central Steering Council (CODICEN), which guides management of the different levels of education, organized into four deconcentrated councils: the Early Childhood and Primary Education Council (CEIP); the Secondary Education Council (CES); the Technical-Vocational Education Council (CETP), which includes tertiary technical education (*tecnicaturas* or technical diplomas); and the Teacher Training Council (CFE). The challenges of coordinating among these many institutions affect the dynamics of the education cycles, which are uncoordinated. In particular, this type of institutional arrangement makes it difficult for the different councils to coordinate activities at the territorial level that will ensure seamless and complete learning pathways. In addition, the decentralized local agencies of the different councils and the schools themselves have a multitude of actors who play different roles, often with functions and responsibilities that are not clearly established.<sup>22</sup>

- 1.10 **Limited information for improving education.** Although ANEP has some tools for delivering information to schools, they focus on primary education.<sup>23</sup> Even though some initiatives are being introduced at the secondary level,<sup>24</sup> there is no systematic conveyance of data on internal efficiency indicators in the system or learning results. No clear targets have been set for schools and territories, as a focus for decision-making in management, that would allow teachers and principals to have this information on a timely basis to modify their practices and improve learning. As for resource administration systems (financial, teaching and nonteaching human, and physical resources), with Bank support<sup>25</sup> CODICEN improved the management systems of all the councils<sup>26</sup> in the areas of coverage and interoperability, allowing for more comprehensive and modern management of the system. It also implemented budgeting by program for 2015-2109. Nevertheless, challenges persist, particularly with regard to managing the numerous teacher and student files and expanding human resource management modules in all the councils.<sup>27</sup>
- 1.11 **Absence of a comprehensive strategy to address the challenges of secondary education.** To facilitate coordination between cycles and protect learning pathways, in recent years ANEP promoted a series of complementary educational programs intended to improve school retention, encourage dropouts to return to the education system, and assist students who have fallen behind. Rather than being an across-the-board strategy, these programs have been isolated efforts, located in diverse institutional frameworks, with little coordination between them. There are 21 programs that operate in parallel, without coordination, each with its own

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<sup>22</sup> [OEL#4](#). Note 18

<sup>23</sup> [OEL#4](#). Note 19

<sup>24</sup> [OEL#4](#). Note 20

<sup>25</sup> [OEL#4](#). Note 21

<sup>26</sup> [OEL#4](#). Note 22

<sup>27</sup> [OEL#4](#). Note 23

coordinator and staff, and different criteria for student selection. Their coverage varies, ranging from 3 to 127 schools, prioritizing those in which students are at the highest risk of failure.<sup>28</sup> Although these programs incorporate some innovative strategies and are starting to promote coordination among the different councils, their coverage and managerial and monitoring practices are uneven and have a moderate impact.<sup>29</sup> The lack of a guiding framework means that the programs are disjointed and, because of their focus, intensity, and/or content, they have been unable as yet to improve the low levels of learning or reduce grade failure rates, which then lead to academic underachievement and possible secondary school dropout.

- 1.12 **Inadequate secondary school physical infrastructure.** Data from ANEP's building census system indicate that in 2014, 20% of the 431 secondary school buildings needed to be replaced or rehabilitated.<sup>30</sup> For the 2016-2020 period, ANEP prepared a works plan that includes the construction of new schools and the expansion and rehabilitation of existing ones. The plan includes 177 works.<sup>31</sup> In addition to school construction and expansion through traditional mechanisms, ANEP plans to contract construction and maintenance, cleaning, and security services for 150 schools<sup>32</sup> under public-private partnerships (PPP),<sup>33</sup> which are gaining popularity in Uruguay.<sup>34</sup> The total value of ANEP's projects is US\$450 million. Since this is a new initiative, ANEP does not have a specific unit for administering PPP contracts.
- 1.13 **Bank experience in Uruguay and some lessons learned.** In recent decades, the Bank has supported Uruguay's education sector through different loan operations. Some recent operations are worth mentioning. The Secondary Education Modernization and Teacher Training Program (MEMFOD)<sup>35</sup> had the goal of consolidating and deepening policies to improve quality and increase the equity of secondary education and teacher training in Uruguay. The program was satisfactorily executed by ANEP and concluded in December 2010. The Secondary and Technical Education and Teacher Training Support Program (PAEMFE),<sup>36</sup> approved in 2010, is also being executed by ANEP and is in the final phase. The general objective of this program is to support the policy of access and retention in general and technical-vocational LSE; through which:<sup>37</sup> (i) 16,000 students in pre-service teacher training received academic and economic support throughout their career and 17,000 teachers received professional development support;<sup>38</sup> (ii) 15 pre-service teacher training centers were refurbished and equipped and also received institutional and instructional support; (iii) 4,300 secondary education

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<sup>28</sup> [OEL#4](#), Note 24

<sup>29</sup> [OEL#4](#), Note 25

<sup>30</sup> [OEL#4](#), Note 26

<sup>31</sup> [OEL#4](#), Note 27

<sup>32</sup> [OEL#4](#), Note 28

<sup>33</sup> [OEL#4](#), Note 29

<sup>34</sup> [OEL#4](#), Note 30

<sup>35</sup> 1361/OC-UR: US\$107.5 million, US\$75 million loan.

<sup>36</sup> 2260/OC-UR: US\$8.5 million, US\$6 million loan.

<sup>37</sup> 2015 Progress Monitoring Report ([OEL#5](#)).

<sup>38</sup> [OEL#4](#), Note 31

students participated in programs that monitor and support school progression, resulting in a 10% improvement in repeater and dropout rates; (iv) 386 secondary education classrooms were built and equipped and the 415 secondary education schools were supported through projects to strengthen their instructional strategies; and (v) the education system management processes were improved, particularly those related to human resource, inventory, and file management systems. The Project Completion Report is being prepared. Two operations were also financed for the Basic Educational Connectivity for Online Learning (CEIBAL) Plan. First, the Support Program for the Consolidation and Expansion of Plan CEIBAL<sup>39</sup> was executed between 2010 and 2014, with the general objective of supporting consolidation of Plan CEIBAL at the primary level and its expansion into secondary education, and strengthening its institutional capacity for improving education and learning outcomes for students. Second, the Plan CEIBAL II Program for Support for Primary and Secondary Math and English Education<sup>40</sup> began in June 2014 and is well under way. Its objective is to help improve mathematics and English education at the primary and lower secondary levels through the use of new information and communication technologies.

- 1.14 The main lessons learned are: (i) the importance of including key evaluations and studies in operations, which serve to support public education policy strategies. With regard to PAEMFE, the study on factors that affect the duration of pre-service teacher training,<sup>41</sup> the study on making pre-service teacher training programs of study more flexible, and the evaluation of programs for coordination between cycles,<sup>42</sup> all of which were used as inputs for designing the proposed operation; (ii) the need for coordination between subsystems and comprehensive views of students' pathways, extending beyond the councils to which they belong,<sup>43</sup> and the need for systematic actions on a broader scale; (iii) the importance of continuing to strengthen the management capacity of the deconcentrated councils and of strategic support for the executing unit, deepening technical decentralization in the execution of externally financed programs; (iv) activities related to school infrastructure have resulted in positive experiences, for example, the definition of criteria and in-depth studies to target the new buildings, which will be maintained and strengthened;<sup>44</sup> and (v) use of existing synergies with innovative activities in operations related to the CEIBAL Plan, such as the development and implementation of a technology platform for the on-line learning evaluation system that enables results to be used immediately by teachers; the expansion of adaptive platforms for teaching mathematics; and a remote methodology for teaching English through videoconferencing.<sup>45</sup> These three experiences have been kept in mind in designing the activities included in the proposed operation.

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<sup>39</sup> 2260/OC-UR: US\$8.5 million, US\$6 million loan.

<sup>40</sup> 3255/OC-UR: US\$6.9 million, US\$6 million loan.

<sup>41</sup> [OEL#4](#). Note 32

<sup>42</sup> [OEL#4](#). Note 33

<sup>43</sup> [OEL#4](#). Note 34

<sup>44</sup> [OEL#4](#). Note 35

<sup>45</sup> [OEL#4](#). Note 36

## **B. Rationale for the CCLIP and the first operation**

- 1.15 The National Strategy for Childhood and Adolescence (ENIA 2010-2030) has developed a series of targets to be reached by 2030, which include universal completion of the lower secondary cycle, a significant increase in the completion rate of the upper secondary cycle, and an improvement in the quality of learning by poor children and teenagers. The objectives of ENIA are: (i) 100% of young people between 18 and 20 complete LSE by 2020; (ii) 90% of young people between 21 and 23 complete USE by 2030; (iii) repeater rates in LSE and USE do not exceed 15%, with the consequent reduction in over-age; (iv) the gap in repeater rates in LSE and USE between socioeconomic sectors does not exceed 10%; and (v) the number of dropouts falls significantly. Uruguay's Education Program for 2015-2019 contains three challenges: (i) to reinforce early childhood education; (ii) to improve primary school completion conditions; and (iii) to make completion of LSE universal and double the rate of USE completion by adopting a student-centered approach to learning pathways, which assumes that: (a) all children begin school at the age of three and remain in school until they reach 17-18; (b) learning pathways are conceived as continuous, independently of the institutional structure of the education system; and (c) the achievements established for each stage in the pathway are prerequisites for moving to the next one.
- 1.16 Addressing the above challenges requires policies that take the long view and provide continuity.<sup>46</sup> The Uruguayan government has therefore asked the Bank for support through a Conditional Credit Line for Investment Projects (CCLIP). The objective of the proposed CCLIP is to help improve access to and the quality of secondary education. The CCLIP will provide support for Uruguay that is sustained over time and focuses on the secondary education challenges described above, helping to: (i) provide continuity for changes in curricula and pedagogy, to make flexible and pertinent alternatives available in response to the changing needs of young people and society; (ii) continue reinforcing the changes in management, consolidating a comprehensive vision of learning pathways and reinforcing the use of information for management and decision making; (iii) continue the process of expanding and upgrading school infrastructure; (iv) strengthen pre-service teacher training and the professional development of teachers through changes in the program of study to equip them with deeper pedagogical and subject-matter knowledge, thereby generating a process of student learning improvement.
- 1.17 **Eligibility of the CCLIP and the first operation.** The Bank's policy requirements for establishing a CCLIP (paragraph 1.16 of document GN-2246-7) are fulfilled inasmuch as: (i) ANEP, the operation's proposed executing agency, has successfully completed a Bank-financed project in the last five years;<sup>47</sup> (ii) in both projects: (a) overall execution performance and progress in achieving the expected results were satisfactory;<sup>48</sup> (b) the borrower and ANEP have complied with the

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<sup>46</sup> Education systems need at least five years to implement simple innovations and between 10 and 20 years for more complicated ones. See Fullan, Michael (2001). *Los nuevos significados del cambio en educación*. Barcelona: Octaedro.

<sup>47</sup> PAEMFE has 95% of the resources disbursed and the disbursement period ends in February 2017. In December 2010 a similar program (MEMFOD) was concluded.

<sup>48</sup> Progress monitoring reports 2011 to 2015 ([OEL#5](#)).



conditions of the loan contract; (c) the financial and operational reports were prepared and presented in a timely manner and their quality was acceptable with respect to financial administration and project operational control;<sup>49</sup> (d) the operation and maintenance of the investments implemented and completed with project financing are effective; (iii) the executing agency has had a satisfactory performance record during the execution of two consecutive operations in the last 11 years,<sup>50</sup> which is expected to be maintained; and (iv) the education sector to be financed under the CCLIP is prioritized in the 2016-2020 country strategy (document GN-2836), contributing to the strategic objective of increasing the secondary school graduation rate and improving education quality. The first operation under the CCLIP complies with the applicable requirements of the Bank's policy (paragraph 1.17, document GN-2246-7): (i) its objectives and components are consistent with the CCLIP objectives; (ii) the operation is included in the 2016 Operational Program (document GN-2849); and (iii) ANEP is the same agency that executed two previous loans (PAEMFE and MEMFOD) and its performance level was and continues to be satisfactory.

- 1.18 **Strategy of the first individual operation under the CCLIP.** To achieve the expected outcomes, the logic of the first program rests on the following pillars: (i) adoption in ANEP of a new approach that gives pride of place to a comprehensive view of the system and learning pathways that is crystalized in new local entities that will promote coordinated actions in their territories; (ii) information on learning pathways, early warnings, internal efficiency and performance indicators, and learning results made available to system actors and families, making it possible to monitor the system's performance comprehensively and provide feedback for the territorial coordination entities and the schools; (iii) implementation of a new national benchmark curricular framework that will define exit and learning progression profiles; (iv) strengthening of pre-service teacher training with the introduction of a new program of study and a new career path for teacher trainers, and implementation of a program for new teacher onboarding; and (v) implementation of specific actions in schools such as monitoring and support for students at risk of falling behind that include learning support strategies for these students and longer school days. Most of the above actions target young people able to study at the secondary level, while the last of these actions targets young people in vulnerable socioeconomic situations. In short, this program will support the establishment of new territorial coordination entities, the implementation of new information tools for monitoring quality and supporting students, the promotion of access to and continuity of learning, and the strengthening of pre-service teacher training.
- 1.19 To strengthen the different councils' local coordination entities and local support for schools in the territories, ANEP recently established two new entities: (i) decentralized boards<sup>51</sup> that report to ANEP and have the power to develop agreements and take steps to address local education problems, with a comprehensive view of the education system that coordinates and complements the actions of each council; and (ii) the Departmental Coordination Units for Education

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<sup>49</sup> Audited financial statements 2011 to 2015 ([OEL#6](#)).

<sup>50</sup> PAEMFE and MEMFOD.

<sup>51</sup> [OEL#4](#), Note 37

Integration (UCDIEs),<sup>52</sup> whose purpose is to help formulate an education integration policy with a territorial approach, with special focus on protecting the learning pathways of students so they will be seamless and complete, in cooperation with the schools. Each UCDIE will become part of a decentralized board and will have a coordinator supported by a multidisciplinary technical team that will include teachers and socio-educational specialists. The installation of the new territorial coordination entities and the introduction of new information tools for monitoring quality and supporting students at the local level and in schools is grounded in recent literature on the role of local management in ensuring the quality of education. The local management practices that the literature has associated with better territorial coordination and school improvements include: planning strategically and introducing improvements based on a clear theory of action on how to affect the classroom's pedagogical core;<sup>53</sup> having a consistent and integrated strategy at the territorial level to bring about improvements in learning that includes different areas, such as the curriculum, teaching strategies, and professional development;<sup>54</sup> and sustaining a culture of continuous improvement based on the use of data to identify areas needing improvement at the territorial and school levels.<sup>55</sup>

- 1.20 **Alignment with IDB strategies in the country and sector.** The operation is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the development challenge of reducing social exclusion and inequality, since the objective of the program is to improve the quality of public education, which serves students from low-income families, by offering better educational opportunities. It is consistent with: the country strategy with Uruguay 2016-2020 (document GN-2836), contributing to its strategic objective of increasing the secondary school graduation rate and improving the quality of education; with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4); and with the Education and Early Childhood Development Sector Framework Document (GN-2708-3) in dimensions 1, 2, 4, and 5. The program will also contribute to the 2016-2019 Corporate Results Framework (document GN-2727-4) with regard to the number of students benefitting from education projects.

### **C. Objectives, components, and cost**

- 1.21 The objective of the proposed CCLIP is to help improve access to and the quality of secondary education. The objective of the first individual operation under the CCLIP is to improve access to and the quality of secondary education in Uruguay, in order to achieve seamless and complete learning pathways. To that end, it will have the following components.
- 1.22 **Component 1: Improvement in education quality (US\$3.50 million).** To improve secondary students' school performance, this component will finance: (i) the definition of exit and learning progression profiles for all secondary education, considering the student's entire pathway, and the development and implementation

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<sup>52</sup> [OEL#4](#). Note 38

<sup>53</sup> [OEL#4](#). Note 39

<sup>54</sup> [OEL#4](#). Note 40

<sup>55</sup> [OEL#4](#). Note 41



of a new national benchmark curricular framework.<sup>56</sup> (ii) the design, implementation, monitoring, and evaluation of a strategy to increase the length of the secondary school day,<sup>57</sup> with the objective of better learning outcomes and educational equity. Lengthening the school day will take two forms: full-day secondary school programs (FDPs) and extended-day secondary school programs (EDPs). In the FDPs, a fresh approach will be taken to education, with a more flexible curriculum and a variety of teaching methods and practices (including interdisciplinary and collaborative work among teachers), teaching resources, and educational contents. Students in the FDPs will have eight-hour days, including access to tutors, study areas, artistic and cultural workshops, spaces for working with families, and food services. EDPs will offer alternatives for lengthening the school day, with a schedule for the classes in the curriculum and opportunities to reinforce that learning through tutorials, personalized activities, and workshops. (iii) implementation of new teaching approaches through digital classrooms, particularly in subject areas where teachers are scarce.<sup>58</sup>

- 1.23 **Component 2: Training in education (US\$0.74 million).** With the aim of strengthening pre-service teacher training and professional development for secondary school teachers, this component will finance: (i) the development, implementation, and evaluation of a new program of study for pre-service teacher training<sup>59</sup> that strengthens the relationship between theory and practice, defines exit profiles, has more flexibility in the schedule and in the recognition of credits, and incorporates the challenges of the new technologies and their use in the classroom in a crosscutting manner; (ii) the implementation of a new structure for positions and levels for teacher trainers<sup>60</sup> that incorporates university functions such as teaching, research, and extension in degree studies, continuing education, and graduate studies; and (iii) design and implementation of a program for onboarding, support, and professional development of secondary school teachers in the early years of their professional experience.<sup>61</sup>
- 1.24 **Component 3. Territorial integration and management for education improvement (US\$8.15 million).** The objective is to build the capacity of ANEP and its local entities, the CES and the CETP, and schools to manage and ensure quality public education. This component will finance: (i) the implementation and evaluation of a quality assurance system in secondary education that includes: (a) identification of education actors and their functions; (b) strengthening of practices to regularly provide actors with information on internal efficiency and learning outcomes<sup>62</sup> to promote continuous improvement, including training in the interpretation and use of that information;<sup>63</sup> and (c) design of synthetic indicators by school and territory, linked to targets; (ii) support for the design, implementation, and evaluation of a

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<sup>56</sup> [OEL#4](#). Note 42

<sup>57</sup> [OEL#4](#). Note 43

<sup>58</sup> [OEL#4](#). Note 44

<sup>59</sup> [OEL#4](#). Note 45

<sup>60</sup> [OEL#4](#). Note 46

<sup>61</sup> [OEL#4](#). Note 47

<sup>62</sup> [OEL#4](#). Note 48

<sup>63</sup> [OEL#4](#). Note 49

system to protect the students' pathways<sup>64</sup> that includes strengthening of the decentralized boards and the UCDIEs,<sup>65</sup> actions to support the specific needs of schools to protect the pathways based on the educational risk factors detected,<sup>66</sup> and the incorporation of mechanisms for periodic monitoring at the local level; and (iii) strengthening of financial-administrative-human resource management systems and the leadership function of CODICEN in this area.

- 1.25 **Component 4. Infrastructure for education improvement<sup>67</sup> (US\$36.47 million).** With the objective of increasing secondary school and longer school day coverage, this component will finance: (i) the design, construction, and outfitting of 14 new secondary schools, which will increase the supply of seats by 2,525 and the supply of longer school days at the secondary level by 1,925 seats;<sup>68</sup> (ii) the expansion and outfitting of 14 secondary schools, which will benefit 1,850 students;<sup>69</sup> (iii) the expansion and outfitting of pre-service teacher training centers,<sup>70</sup> which will increase the number of seats by 525; and (ii) support for the strengthening of ANEP to manage school infrastructure PPPs.<sup>71</sup>
- 1.26 **Program administration (US\$1.14 million).** This component will finance the procurement of goods and contracting of services (consulting and other services) needed for the operation of the program executing unit. It will also cover the external auditing costs, monitoring costs, and the midterm and final program evaluations.
- 1.27 **Cost and financing.** The total cost of the first program will be US\$74.7 million, with US\$50 million (68%) financed from the Bank's Ordinary Capital and US\$24.7 million (32%) from the local counterpart (see Table I-3). The itemized budget ([OEL#3](#)) breaks down the information.

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<sup>64</sup> [OEL#4](#), Note 50

<sup>65</sup> [OEL#4](#), Note 51

<sup>66</sup> Such risk factors include insufficient attendance and educational performance, repetition of grades, over-age, and failure to enroll. Special attention will also be paid to the transition between school levels.

<sup>67</sup> Bank financing will not be used to procure land or buildings.

<sup>68</sup> The new schools will be located in areas selected on the basis of the geo-statistical indicators mentioned in paragraph 1.12 and represent 12% of the new works in the Five-year Works Plan.

<sup>69</sup> Following the criteria mentioned in paragraph 1.12, preference was given to schools in the worst physical condition that have the possibility of adding new spaces. The schools expanded under this program represent 22% of all the schools in the Five-year Works Plan.

<sup>70</sup> Preference was given to pre-service teacher training centers in the worst physical condition that have the possibility of adding new spaces. The centers expanded under the program represent 52% of all the centers in the Five-year Works Plan.

<sup>71</sup> [OEL#4](#), Note 52

**Table I-3: Overall budget by component (millions of U.S. dollars)**

| Description   | IDB          | Local        | Total        | %          |
|---|--------------|--------------|--------------|------------|
| Component 1: Improvement in education quality                                 | 3.50         | 0.96         | 4.46         | 6.0        |
| Component 2: Training in education  | 0.74         | 2.60         | 3.34         | 4.5        |
| Component 3: Territorial integration and management for education improvement | 8.15         | 4.50         | 12.65        | 16.9       |
| Component 4: Infrastructure for education improvement                         | 36.47        | 12.82        | 49.29        | 66.0       |
| Program administration  | 1.14         | 3.82         | 4.96         | 6.6        |
| <b>Total</b>  | <b>50.00</b> | <b>24.70</b> | <b>74.70</b> | <b>100</b> |

Notes: The budget for Component 1 includes US\$312,800 to evaluate the strategy for lengthening the school day; Component 2 includes US\$637,000 to evaluate the new program of study; and Component 3 includes US\$142,500 to evaluate the use of information.

#### **D. Key results indicators**

- 1.28 By the end of the first program, improvements should be observable in academic performance, measured by average scores in mathematics and reading in LSE obtained from the Educational Achievement Assessment System (SELE),<sup>72</sup> the percentage of 17-year-olds who attend some type of school, and the LSE completion rate among 18- to 20-year-olds. The results indicators are: (i) for Component 1, the number of students benefitting from the new curricular framework; (ii) for Component 2, the number of pre-service teacher training students benefitting from the new program of studies, the number of people contracted under the new structure for positions and levels in the teacher training career, and the inexperienced secondary school teachers who participate in the professional development and support program; (iii) for Component 3, the number of territorial plans prepared by the decentralized boards at the “consolidated” level of operation; and (iv) for Component 4, the number of secondary school students benefitting from new or expanded schools (see Annex II).
- 1.29 **Cost-benefit evaluation.** This analysis estimated the project’s social benefits stemming from the expansion in secondary education coverage in simple-shift, full-day, and extended-day schools, the creation of new openings for pre-service teacher training, and the implementation of a series of actions to improve the quality of secondary education, particularly the definition of exit and learning progression profiles during the entire secondary education cycle, and the development and implementation of a new national benchmark curricular framework. The ex ante cost-benefit analysis for this operation indicates that the project brings social returns of 16.8%, which is higher than the discount rate of 12% used by the Bank, and a positive net present value of US\$33.5 million. Different scenarios demonstrate the

<sup>72</sup> Managed by the National Educational Assessment Institute (INEED), starting in 2018 and every three years thereafter, SELE will administer tests in mathematics and reading that it will complement with information about the students’ context (socioemotional skills, classroom climate, family context, and citizenship); families, teachers (learning opportunities, school leadership, teaching career, and school climate), and principals.

project's economic viability, with assumptions even more conservative than those in the baseline scenario ([OEL#2](#)).

## II. FINANCING STRUCTURE AND RISKS

### A. Financing instruments

- 2.1 This CCLIP will total US\$200 million, taking into consideration the borrower's interest, in principle, in using this CCLIP to finance four individual loans, all for similar amounts to this first program. The CCLIP will be available for use for 20 years once the CCLIP agreement between the Bank and the Eastern Republic of Uruguay enters into effect, which is consistent with other CCLIPs in the country.<sup>73</sup> The first proposed operation under the CCLIP is structured as an investment loan for specific projects, from the Bank's Ordinary Resources, to be disbursed over five years.
- 2.2 The estimated disbursement schedule is:

**Table II-1: Disbursement schedule (millions of U.S. dollars)**

|              | Year I       | Year II      | Year III     | Year IV      | Year V       | Total        | %    |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|
| <b>IDB</b>   | 10.08        | 7.89         | 11.25        | 10.35        | 10.43        | 50.00        | 67%  |
| <b>Local</b> | 6.37         | 3.93         | 4.55         | 4.77         | 5.08         | 24.70        | 33%  |
| <b>Total</b> | <b>16.44</b> | <b>11.82</b> | <b>15.80</b> | <b>15.13</b> | <b>15.51</b> | <b>74.70</b> | 100% |
| <b>%</b>     | 22.0%        | 15.8%        | 21.1%        | 20.3%        | 20.8%        | 100%         |      |

### B. Environmental and social risks

- 2.3 According to the Environment and Safeguards Compliance Policy (OP-703), this first operation has been classified in category "B".<sup>74</sup> The potential environmental impacts will be low, on account of the scale of the works and their urban locations. The projects for new, rehabilitated, and expanded schools could have small-scale, localized environmental impacts that are short-term and typical of works of this kind and therefore easily controlled and managed by applying standard environmental procedures. The recommendations have been followed and are summarized in the Environmental and Social Management Report (ESMR) ([REL#4](#)). As for the environmental licensing process, the works will comply with Uruguayan environmental regulations, municipal building codes, and the management and monitoring requirements set out in the Operating Regulations ([OEL#1](#)), consistent with those contained in policy OP-703. As for the risks of disasters associated with flooding and potential landslides, it will be forbidden to locate buildings in risk areas. The executing agency will spell this out in the bid documents, contracts for works, and the technical documentation submitted to the Bank in advance of each work, in compliance with the Disaster Risk Management Policy (OP-704). No involuntary resettlement activities related to building the schools are anticipated. The program

<sup>73</sup> [OEL#4](#), Note 53

<sup>74</sup> In accordance with directive B.13 of the Environment and Safeguards Compliance Policy (OP-703), CCLIPs do not require ex ante classification.

will have positive social impacts thanks to increases in longer school day coverage and the improvement in educational performance and in the progression and conclusion of the secondary school cycle.

**C. Fiduciary risks**

- 2.4 The risk level has been identified as low. As mentioned in paragraph 1.17, ANEP has executed two similar projects with satisfactory performance and has complied with the conditions established in the loan contracts.

**D. Other project risks**

- 2.5 **Public management and governance.** The risk of difficulties in coordination between the different levels of the subsystems participating in the project has been identified as medium. The continuation of the coordination meetings held by CODICEN with its deconcentrated boards on program-related matters is a mitigation measure.

- 2.6 **Development risks.** The risks of opposition to the new national benchmark curricular framework by teachers, failure by relevant actors to take ownership of the tools and information systems developed, and a shortage of teachers to cover positions resulting from the new initiatives, particularly the longer school day, have been classified as medium. To mitigate them, the following actions are planned: (i) roundtables and information for discussions in teachers' rooms and with families and students; (ii) training and support in the use of information; and (iii) effective planning for the expansion of these initiatives to attain the program's goals. Other development risks stem from possible ANEP budget constraints that could affect the pace of project execution, and the shortage of human resources to develop the information systems. The following mitigation measures are proposed: (i) ongoing control and monitoring of budget appropriations that affect program planning and could require possible reprogramming; and (ii) evaluation of the conclusion of institutional agreements with universities and expansion of the search for the human resources needed to develop the information systems beyond Uruguay.

### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

**A. Summary of implementation arrangements**

- 3.1 The borrower is the Eastern Republic of Uruguay and the executing agency will be ANEP, which will bear technical responsibility for the program, acting through CODICEN and its deconcentrated boards, in accordance with the functions established in current legislation. CODICEN will perform strategic monitoring of the program and oversee coordination among the entities participating in its execution.
- 3.2 The executing unit, which reports to CODICEN, will be responsible for coordination and operational and administrative activities under the program. It will be responsible for the following tasks, among others: (i) managing and supporting the procurement of works, goods, and services; (ii) processing disbursement requests with the Bank; (iii) commissioning the program evaluations; (iv) arranging for external audits; (v) preparing the work plans (including the financial plan, the procurement, plan, and the annual work plan) and submitting them to the Bank; (vi) submitting reports (including audits, progress reports, and evaluations) and other program documents to the Bank; and (vii) supporting the supervision and inspection of works and service

contracts. With regard to coordination among the ANEP entities participating in program execution—including coordination between the executing unit and the deconcentrated institutions (CODICEN, CES, CFE, and CTEP), as the technical areas in charge of the activities and outputs—each council will appoint a technical contact to coordinate its particular area with the program. Work committees will also be organized by line of action with members drawn from them. At the managerial level, the directors of each individual council will coordinate with the members of CODICEN, following ANEP's usual procedures. The details will be described in the Program Operating Regulations (PORs).

- 3.3 The PORs ([OEL#1](#)) will spell out the program execution mechanisms, the design of each line of action in relation to the activities needed to achieve the results, and the execution strategy of the operation. They will include: (i) a quantitative and qualitative description of the program's expected outputs; (ii) the activities and processes necessary to generate each of the program's outputs and the entities responsible for them; (iii) the project's organizational plan and the functions to be carried out by the executing agency and by ANEP's other internal areas, and the individuals responsible for activities; (iv) the technical and operational arrangements for execution, including eligibility criteria and targeting of expenditures; (v) the plan for programming, monitoring, and evaluating outcomes; (vi) the financial, auditing, and procurement procedures; (vii) the Environmental and Social Management Plan, in the terms required by the Bank; (viii) the mechanisms for updating the PORs; and (ix) complementary annexes that facilitate program execution and monitoring, such as the results matrix (Annex II), risk analysis, fiduciary agreements and requirements (Annex III); the monitoring and evaluation plan ([REL#3](#)), the ESMR ([REL#4](#)), and the itemized program budget ([OEL#3](#)). ANEP will bear responsibility for operating and maintaining infrastructure.
- 3.4 **The special contractual conditions precedent to the first disbursement are that the borrower demonstrate, to the Bank's satisfaction, that: (i) ANEP has appointed the program executing unit responsible for operational and administrative management; and (ii) ANEP has presented PORs that are satisfactory to the Bank.**
- 3.5 **Special contractual execution conditions:** (i) Prior to awarding the contracts for each of the program's works, evidence will be submitted to the Bank that ANEP has ownership, possession, or commodatum of the property where the work will be built, rights-of-way, and other rights necessary for its construction and use, and technical justification for the work; (ii) prior to beginning the activities under the inexperienced teacher onboarding, support, and professional development program, the final design of that program will be submitted to the Bank, based on a draft agreed upon in advance; and (iii) prior to beginning the activities to strengthen the decentralized boards and the UCDIEs, the corresponding strengthening plan for the protection of learning pathways will be submitted to the Bank, based on a draft agreed upon in advance, and will include guidelines for operation of the fund mentioned in Component 3 of the program.
- 3.6 **Procurement.** The procurement of works and goods and the selection and contracting of consultants will be carried out in accordance with the Policies for the procurement of works and goods financed by the IDB (document GN-2349-9) and the Policies for the selection and contracting of consultants financed by the IDB



(document GN-2350-9) (see Annex III). Procurement will be carried out by the executing unit, in accordance with the provisions of the loan contract and the procurement plan. Those documents will specify the type of supervision for the procurement of goods, nonconsulting services, works, and consulting services financed with Bank loan proceeds. In December of each calendar year, starting in the December following the date on which the loan contract enters into force, the executing unit will present the procurement plan, in accordance with guidelines agreed upon in advance, together with an annual work plan. Consultants previously selected for loan 2480/OC-UR ([REL#5, 5.2.c](#)) are expected to be rehired for this operation and will continue to provide their services.

- 3.7 **Direct contracting.** The firms Sistemas Informáticos and ST will be contracted directly to implement the modules of the financial-administrative-human resources management system and the file management system, respectively (see [REL#5, 5.2.d](#)). In both cases, these are extensions of the implementation of existing systems for which the firms hold the respective licenses (document GN-2349-9, 3.6, c).
- 3.8 **Recognition of expenditures.** The Bank may recognize eligible expenditures for up to US\$3 million (13.6% of the estimated local contribution) for works and management systems incurred by the borrower prior to the date on which the loan is approved, provided requirements substantially similar to those established in the loan contract have been complied with. The expenditures must have been incurred after 15 June 2016, date of approval of the project profile, but in no event will expenditures incurred more than 18 months prior to approval of the loan be recognized. There will be no retroactive financing.
- 3.9 **Advances of funds.** Disbursements will be paid into a special bank account in the project's name in the Central Bank of Uruguay, exclusively for loan proceeds, in the form of advances of funds based on liquidity requirements for a maximum of six months, in accordance with the investment schedule, as established in the Operational Guidelines for Financial Management of IDB-financed Projects (OP-273-6) and Annex III.
- 3.10 **Audits.** The financial statements will be audited by the National Audit Office within 120 days after the close of each fiscal period. The final financial statements will be submitted within 120 days after the date of the last disbursement and will follow the requirements established in the Guide for Financial Reports and External Audits.

## **B. Summary of results monitoring arrangements**

- 3.11 **Monitoring arrangements.** The program will apply the Bank's supervision mechanisms. The program's monitoring plan will include: (i) at least two meetings a year to conduct technical and operational reviews of progress, solve problems, and mitigate risks (including an update of the risk analysis, to be performed at the second meeting each year), in which relevant institutional actors and the Bank will participate, with due dissemination of the management agreements reached subsequently; (ii) implementation of a project management system for financial reporting and the generation of semiannual program reports; (iii) semiannual reports on progress and problems in each of the components and program performance compared to the results matrix agreed upon (Annex II), starting in the second year after the program begins, at the latest; and (iv) use of the management tools mentioned in the monitoring and evaluation plan ([REL#3](#)) and agreed upon at the

workshop to launch and plan the program, in order to have tools in place for planning the activities and processes required for the physical outputs and midterm and final results to be achieved.

- 3.12 **Results evaluation arrangements.** The program evaluation plan ([REL#3](#)) provides for the following evaluations: (i) assessment of the strategy to lengthen school days (full day and extended day); (ii) a reflective evaluation (before and after) of the use of information provided to secondary schools by the quality assurance and pathway protection systems; and (iii) a reflective evaluation (before and after) of the new pre-service teacher training plan, comparing cohorts under the existing program of study with cohorts under the new program of study. The evaluation of the strategy to lengthen the school day will use propensity score matching, with differences in differences to control for possible biases in observable variables between the different groups (full day programs, extended-day programs, simple-shift programs) and temporary trends. The impact of this strategy will be measured in terms of: achievements in language and mathematics learning as measured by the SELE; the percentage of students who are promoted to the next grade; the percentage of students who were promoted and who reenroll in the following year; and the percentage of students who complete the LSE cycle. Additionally, the evaluation will be complemented by a qualitative study to examine the use of time and human-resource organization in the secondary schools that benefitted from a longer day. Midterm and final program evaluations have also been agreed upon,<sup>75</sup> which will be performed by external consultants, once ANEP has disbursed 50% and 80% of program resources, respectively.

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<sup>75</sup> [OEL#4](#). Note 54



| Development Effectiveness Matrix  |     |   |   |               |
|---|-----|---|---|---------------|
| Summary   |     |   |   |               |
| I. Strategic Alignment  |     |   |   |               |
| 1. IDB Strategic Development Objectives   |     | Aligned   |   |               |
| Development Challenges & Cross-cutting Themes   |     | -Social Inclusion and Equality  |   |               |
| Regional Context Indicators   |     |   |   |               |
| Country Development Results Indicators  |     | -Countries in the region with improved learning outcomes according to PISA (%)*<br>-Students benefited by education projects (#)*   |   |               |
| 2. Country Strategy Development Objectives  |     | Aligned   |   |               |
| Country Strategy Results Matrix   |     | GN-2836   | To increase the secondary school graduation rate.<br>To improve the quality of education.   |               |
| Country Program Results Matrix  |     | GN-2849   | The intervention is included in the 2016 Operational Program.   |               |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program)   |     |   |   |               |
| II. Development Outcomes - Evaluability   |     | Highly Evaluable  | Weight  | Maximum Score |
|   |     | 10.0  |   | 10            |
| 3. Evidence-based Assessment & Solution   |     | 10.0  | 33.33%  | 10            |
| 3.1 Program Diagnosis   |     | 3.0   |   |               |
| 3.2 Proposed Interventions or Solutions   |     | 4.0   |   |               |
| 3.3 Results Matrix Quality  |     | 3.0   |   |               |
| 4. Ex ante Economic Analysis  |     | 10.0  | 33.33%  | 10            |
| 4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis  |     | 4.0   |   |               |
| 4.2 Identified and Quantified Benefits  |     | 1.5   |   |               |
| 4.3 Identified and Quantified Costs   |     | 1.5   |   |               |
| 4.4 Reasonable Assumptions  |     | 1.5   |   |               |
| 4.5 Sensitivity Analysis  |     | 1.5   |   |               |
| 5. Monitoring and Evaluation  |     | 10.0  | 33.33%  | 10            |
| 5.1 Monitoring Mechanisms   |     | 2.5   |   |               |
| 5.2 Evaluation Plan   |     | 7.5   |   |               |
| III. Risks & Mitigation Monitoring Matrix   |     |   |   |               |
| Overall risks rate = magnitude of risks*likelihood  |     | Low   |   |               |
| Identified risks have been rated for magnitude and likelihood   |     | Yes   |   |               |
| Mitigation measures have been identified for major risks  |     | Yes   |   |               |
| Mitigation measures have indicators for tracking their implementation   |     | Yes   |   |               |
| Environmental & social risk classification  |     | B   |   |               |
| IV. IDB's Role - Additionality  |     |   |   |               |
| The project relies on the use of country systems  |     |   |   |               |
| Fiduciary (VPC/FMP Criteria)  | Yes | Financial Management: Budget, Accounting and Reporting, External control, Internal Audit.<br><br>Procurement: Information System, Shopping Method, Contracting individual consultant. |   |               |
| Non-Fiduciary   | Yes | Monitoring and Evaluation National System.  |   |               |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:                                       |     |   |   |               |
| Gender Equality   |     |   |   |               |
| Labor   |     |   |   |               |
| Environment   |     |   |   |               |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project            |     | Yes   | Two consultancies were carried out to support the definition of the education and administrative management systems.  |               |
| The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan |     | Yes   | The evaluation will apply the differences in differences and propensity score matching methodologies. While there is previous evidence on the impact of an extended school day, there are few evaluations measuring this impact in mid-school and comparing different school day options. |               |

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The program UR-L1116 is the first individual loan of the conditional credit line for investment projects UR-O1151. Its objective is to improve the academic skills of the youth by achieving full educational trajectories, that will translate into greater success at work and a greater contribution to society in general. In order to accomplish this the program will conduct activities to improve the access and quality of secondary education, specifically: improving the quality of teaching in the classroom, strengthening the training of educators, strengthening territorial integration, and improving the infrastructure of educational centers. The program focuses on young people that are likely to attend secondary education in the country; however, it includes a component focused on young people in a vulnerable socio-economic situation.

The program's results matrix is consistent, covering inputs, outputs, outcomes and impacts. Impact indicators are related to quality of education, attendance, and graduation of students in secondary education. The indicators in the results matrix meet the SMART criteria and include baseline and goals values. The Executing Unit, dependent on the Central Board (CODICEN) within the National Administration of the Public Education (ANEP), will be the entity responsible for the activities of monitoring the progress and implementation of the program.

The project has an economic cost-benefit analysis that underpins the economic viability of the proposed activities.

The monitoring and evaluation activities have been budgeted and planned. The sources of data for monitoring consist of different administrative records, including resolutions and progress reports from the Education Training Council dependent on ANEP. The program proposes to develop a quasi-experimental evaluation on the extension of the school day, and two reflective evaluations (one on the use of information systems quality assurance, and one on the new studies curricula).

## RESULTS MATRIX

|   |  |  |      |            |      |  |
|---|--|--|------|------------|------|--|
| Program objective   | The objective of the program is to improve access to and the quality of secondary education in Uruguay, promoting seamless and complete learning pathways. |  |      |            |      |  |
| Impact results  | Unit of measure  | Baseline                               |      | Target     |      | Comments   |
|   |  | Value                                  | Year | Value      | Year |  |
| Improvement in educational achievement in lower secondary education (LSE)             | Average score  | Reading:<br>TBD<br>Mathematics:<br>TBD | 2018 | TBD<br>TBD | 2021 | Average score in INEED's Education Achievement Assessment System (SELE) in the tests to be administered in the third year of LSE. The baseline and targets will be calculated in December 2018, when the results are published.<br>Source: SELE (INEED)<br>Responsibility: ANEP      |
| Percentage of 17-year-olds who attend some type of secondary school belonging to ANEP | %  | 70.7                                   | 2014 | 91         | 2021 | Number of 17-year-olds who attend some type of secondary school out of all 17-year-olds.<br>Source: DIE-ANEP based on the Ongoing Household Survey conducted by the National Statistics Institute (INE)<br>Responsibility: ANEP  |
| Percentage of young people between 18 and 20 who have graduated from LSE              | %  | 69.7                                   | 2014 | 85         | 2021 | Young people between 18 and 20 who completed LSE (general and technical) out of all young people between the ages of 18 and 20. This indicator has been included in the 2015-2019 Budget Justification.<br>Source: DIE-ANEP, based on INE's Household Survey<br>Responsibility: ANEP |

| Component 1: Improvement in education quality   |   |          |      |                      |      |      |      |      |              |   |
|---|---|----------|------|----------------------|------|------|------|------|--------------|---|
| Outputs   | Unit of measure                                     | Baseline |      | Interim measurements |      |      |      |      | Final target | Comments  |
|   |   | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |   |
| <b>Output 1.1:</b><br>New national benchmark curricular framework for secondary education designed and approved | Stages in constructing the new curricular framework | 0        | 2016 | 0                    | 1    | 1    | 1    | 0    | 3            | Includes the following stages: (i) definition, validation, and dissemination of secondary education exit profiles; (ii) definitions of learning expectations and progression by cycle and area of knowledge; (iii) adaptation of the existing curriculum to reflect the exit profiles and learning progression expectations. Source: Records of CODICEN minutes and the resolution approving the documents<br>Responsibility: CODICEN |
| <b>Output 1.2:</b><br>Schools implementing the longer school day strategy                                       | Schools   | 17       | 2016 | 40                   | 70   | 100  | 100  | 100  | 100          | Implementation begins when the schools begin to offer one of the two types of longer school day: full day or extended day. Supervision, monitoring, and support for schools in implementing the longer school day will be financed. Source: Administrative records and progress reports<br>Responsibility: CES  |
| <b>Output 1.3:</b><br>LSE classes operating as digital classrooms in subjects where teachers are scarce         | Number of classes                                   | 0        | 2016 | 0                    | 50   | 100  | 150  | 200  | 200          | Classes have an average of 20 students. Considered to be operating when videoconferencing is offered for an average of four hours a week, with 40% in science and 40% in languages. Source: Administrative records<br>Responsibility: CETP and progress reports   |

| Component 1: Improvement in education quality  |                           |                         |      |                         |                            |                            |                             |                             |                             |   |
|--|---------------------------|-------------------------|------|-------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---|
| Outcomes   | Unit of measure           | Baseline                |      | Interim measurements    |                            |                            |                             |                             | Final target                | Comments  |
|  |                           | Value                   | Year | 2017                    | 2018                       | 2019                       | 2020                        | 2021                        |                             |   |
| Secondary school students benefitted by the new curricular framework <sup>1</sup>    | Students<br>Boys<br>Girls | 0                       | 2016 | 0                       | 43,800<br>21,900<br>21,900 | 82,000<br>41,000<br>41,000 | 120,000<br>60,000<br>60,000 | 156,000<br>78,000<br>78,000 | 156,000<br>78,000<br>78,000 | The beneficiaries are cohorts of students enrolled in secondary school under the new curricular framework. Associated outcome: Program impact indicator linked to the percentage of young people between the ages of 18 and 20 who graduated from LSE.<br>Source: CES and CETP administrative records and Education Observatory<br>Responsibility: DIEE |
| Secondary school students benefitted by the full or extended school day <sup>1</sup> | Students<br>Boys<br>Girls | 3,600<br>1,800<br>1,800 | 2016 | 7,200<br>3,600<br>3,600 | 12,600<br>6,300<br>6,300   | 15,280<br>7,640<br>7,640   | 17,200<br>8,600<br>8,600    | 17,200<br>8,600<br>8,600    | 17,200<br>8,600<br>8,600    | The beneficiaries are students who enroll in schools offering the longer day (full or extended).<br>Associated outcome: Program impact indicator linked to improvements in educational achievement in LSE.<br>Source: CES and CETP administrative records, and Education Observatory<br>Responsibility: DIEE  |

<sup>1</sup> This is equivalent to the CRF 2016-2019 indicator "Students benefitted by education projects."

| Component 2: Training in education  |                               |          |      |                      |      |      |      |      |              |  |
|---|-------------------------------|----------|------|----------------------|------|------|------|------|--------------|--|
| Outputs   | Unit of measure               | Baseline |      | Interim measurements |      |      |      |      | Final target | Comments   |
|   |                               | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |  |
| <b>Output 2.1:</b><br>New program of study for pre-service teacher training designed, implemented, and evaluated                            | Phases of the new plan        | 0        | 2016 | 1                    | 1    | 1    | 1    | 2    | 6            | Corresponds to: (i) one report on the design of the new program of study (2017); (ii) four reports on its implementation (2018 to 2021); and (iii) one report evaluating the program of study (2021).<br>Source: CFE resolution approved by CODICEN, progress reports, administrative records, and the evaluation.<br>Responsibility: CFE and DIEE |
| <b>Output 2.2</b><br>Panels established to adjudicate competitions for new positions and levels for pre-service teacher training            | Panels                        | 0        | 2016 | 44                   | 47   | 39   | 0    | 0    | 130          | The panels are responsible for selecting future teachers from teacher training programs, using the new structure of positions and levels, which will be approved in a CODICEN resolution. Each panel has three members.<br>Source: CFE administrative records.<br>Responsibility: CFE  |
| <b>Output 2.3:</b><br>Design and execution of a program of professional development and support for inexperienced secondary school teachers | Phases in the support program | 0        | 2016 | 0                    | 1    | 1    | 1    | 1    | 4            | Corresponds to: (i) one report on the design that includes an implementation plan (2018); and (ii) four reports on implementation of the new plan (2018 to 2021).<br>Source: Administrative records and progress reports<br>Responsibility: CFE  |

| Outcomes  | Unit of measure          | Baseline |      | Interim measurements |                         |                           |                           |                           | Final target              | Comment   |
|---|--------------------------|----------|------|----------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---|
|   |                          | Value    | Year | 2017                 | 2018                    | 2019                      | 2020                      | 2021                      |                           |   |
| Students of pre-service teacher training benefitted from the new program of study                           | Students<br>Men<br>Women | 0        | 2016 | 0                    | 8,000<br>2,400<br>5,600 | 16,000<br>3,200<br>12,800 | 24,000<br>4,800<br>19,200 | 24,000<br>4,800<br>19,200 | 24,000<br>4,800<br>19,200 | The beneficiaries are cohorts of students who enroll in pre-service teacher training under the new plan.<br>Source: Administrative records<br>Responsibility: CFE   |
| Degree programs offered in the new program of study   | Careers                  | 0        | 2016 | 0                    | 4                       | 4                         | 4                         | 4                         | 4                         | The degree programs offered in the new plan are: teacher (common curriculum and early childhood), technical teacher or professor, professor, and social educator. The programs include classroom and semi-classroom studies.<br>Source: CFE resolution approved by CODICEN<br>Responsibility: CFE |
| Teachers contracted under the new structure for positions and levels in pre-service teacher training career | Number of contracts      | 0        | 2016 | 700                  | 750                     | 650                       | 0                         | 0                         | 2.100                     | Contracts are concluded after panel selections.<br>Source: Administrative records of the competitions.<br>Responsibility: CFE   |
| Inexperienced secondary school teachers who participate in the professional development and support program | Teachers                 | 0        | 2016 | 0                    | 150                     | 150                       | 300                       | 300                       | 900                       | Targets will be validated when the proposed induction program for inexperienced secondary school teachers is presented;<br>developed jointly by CFE, CES, and CETP.<br>Source: Administrative records<br>Responsibility: CFE  |

| Component 3: Territorial integration and management for education improvement                        |   |          |      |                      |      |      |      |      |              |  |
|--|---|----------|------|----------------------|------|------|------|------|--------------|--|
| Outputs  | Unit of measure                           | Baseline |      | Interim measurements |      |      |      |      | Final target | Comments   |
|  |   | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |  |
| <b>Output 3.1:</b><br>Quality assurance reports delivered  | Reports                                   | 0        | 2016 | 3                    | 5    | 6    | 6    | 6    | 26           | The reports generated for delivery that are part of the quality assurance system and require training in their use are:<br>1. Secondary School Observatory; 2. education monitors for the CES; 3. education monitors for the CETP; 4. Education and Labor Observatory; 5. on-line LSE training evaluation; 6. synthetic indicators by school and their targets.<br>Source: Administrative records<br>Responsibility: DIEE and CETP   |
| <b>Output 3.2a:</b><br>Design of a system to protect learning pathways                               | Document on the system approved           | 0        | 2016 | 1                    | 0    | 0    | 0    | 0    | 1            | The system to protect pathways is geared to the objectives of retention and level completion; reenrollment and better learning by secondary school students. In addition to information delivery, it covers: (i) the establishment of a fund to promote territorial activities; (ii) coordination with the secondary schools to implement actions to support and protect pathways; and (iii) the incorporation of mechanisms for periodic monitoring at the local level. Activities to support the schools require consolidation of the many complementary education programs that exist at present.<br>Source: Administrative records<br>Responsibility: Sector Office for Education Integration (DSIE)   |
| <b>Output 3.2b:</b><br>Strengthening plan to protect pathways in the decentralized boards operating. | Decentralized board plans financed yearly | 0        | 2016 | 23                   | 23   | 23   | 23   | 23   | 23           | The strengthening plan to protect pathways will be geared to the objectives of retention and level completion; reenrollment and better learning by secondary school students. Presentation of the plan will be a contractual condition for execution of this line. It will be considered in operation with: (i) the presentation of information for early warning and monitoring learning pathways; (ii) training for actors in the interpretation and use of information; (iii) establishment of a fund to promote territorial activities; (iv) implementation of actions to support and protect pathways, based on the educational risk factors detected; and (v) the inclusion of mechanisms for periodic monitoring at the local level. A total of 23 decentralized boards will be involved.<br>Source: Administrative records<br>Responsibility: DSIE |

| Component 3: Territorial integration and management for education improvement  |                     |          |      |                      |      |      |      |      |              |   |
|--|---------------------|----------|------|----------------------|------|------|------|------|--------------|---|
| Outputs  | Unit of measure     | Baseline |      | Interim measurements |      |      |      |      | Final target | Comments  |
|  |                     | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |   |
| <b>Output 3.3:</b><br>New modules implemented to strengthen financial, administrative, human resource- and education management. | Modules implemented | 0        |      | 2                    | 1    | 2    | 0    | 2    | 7            | Includes implementation of: Government Resource Planning (GRP) in the CES (Comprehensive Personnel Management System (SIAP) and Comprehensive Financial Management System (SIAP)); GRP's Comprehensive Supply and Purchasing System (SIAC) module in CODICEN; migration to the GRP's web system in CERP (SIAP and SIAP); and improvements in implementing electronic files in CODICEN and the CFE, and their implementation in CES and CERP.<br>Source: Administrative records and progress reports<br>Responsibility: executing unit |

| Outcomes   | Unit of measure | Baseline |      | Interim measurements |      |      |      |      | Final target | Comment   |
|--|-----------------|----------|------|----------------------|------|------|------|------|--------------|---|
|  |                 | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |   |
| Territorial plans prepared by the decentralized boards on the "consolidated" operating level | Number          | 0        | 2016 | 0                    | 4    | 4    | 4    | 4    | 16           | The territorial plans arise out of the plan mentioned in point 3.2. There are three levels of coordinated working capacity for the decentralized boards (incipient, intermediate, and consolidated) which will be monitored during execution.<br>Source: Administrative records<br>Responsibility: DSIE |

| Component 4: Infrastructure for education improvement           |                 |          |      |                      |      |      |      |      |              |  |
|---|-----------------|----------|------|----------------------|------|------|------|------|--------------|--|
| Outputs   | Unit of measure | Baseline |      | Interim measurements |      |      |      |      | Final target | Comments   |
|   |                 | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |  |
| <b>Output 4.1:</b><br>New secondary schools built and outfitted | Schools         | 0        | 2016 | 3                    | 4    | 3    | 2    | 2    | 14           | A school is considered outfitted when it has furniture for students and teachers and for managerial and support staff, connectivity, and a designated teaching staff, as a minimum.<br>Source: Administrative records<br>Responsibility: executing unit                    |
| <b>Output 4.2:</b><br>Secondary schools expanded and outfitted  | Schools         | 0        | 2016 | 4                    | 2    | 3    | 4    | 1    | 14           | Expansion means construction completed with new spaces added. Considered outfitted when it has furniture for students and teachers and for managerial and support staff, and connectivity, as minimum.<br>Source: Administrative records<br>Responsibility: executing unit |



| Component 4: Infrastructure for education improvement                           |                   |          |      |                      |      |      |      |      |              |  |
|---|-------------------|----------|------|----------------------|------|------|------|------|--------------|--|
| Outputs   | Unit of measure   | Baseline |      | Interim measurements |      |      |      |      | Final target | Comments   |
|   |                   | Value    | Year | 2017                 | 2018 | 2019 | 2020 | 2021 |              |  |
| <b>Output 4.3:</b><br>Teacher training schools expanded                         | Schools           | 0        | 2016 | 0                    | 1    | 2    | 4    | 6    | 13           | Expansion means construction completed with new spaces added. Considered outfitted when it has furniture for students and teachers and for the managerial and support staff, and connectivity, as a minimum.<br>Source: Administrative records<br>Responsibility: executing unit |
| <b>Output 4.4:</b><br>PPP management unit inside ANEP designed and in operation | Management report | 0        | 2016 | 1                    | 1    | 1    | 1    | 1    | 5            | Considered operating when created by a CODICEN resolution.<br>Source: Administrative records and progress reports<br>Responsibility: CODICEN   |

| Outcomes   | Unit of measure           | Baseline |      | Interim measurements |                     |                   |                   |                     | Final target            | Comment   |
|--|---------------------------|----------|------|----------------------|---------------------|-------------------|-------------------|---------------------|-------------------------|---|
|  |                           | Value    | Year | 2017                 | 2018                | 2019              | 2020              | 2021                |                         |   |
| Secondary school students benefited by the new or upgraded schools supported by this operation | Students<br>Boys<br>Girls | 0        | 2016 | 0                    | 1,275<br>637<br>638 | 925<br>462<br>463 | 775<br>387<br>388 | 1,400<br>700<br>700 | 4,375<br>2,187<br>2,189 | This indicator contributes to the Bank's regional development targets and corresponds to new students enrolled in the new and/or expanded secondary schools.<br>Associated outcome: Program impact indicator linked to the percentage of 17-year-olds attending some type of secondary school belonging to ANEP.<br>Source: Administrative records<br>Responsibility: CODICEN |

## **FIDUCIARY AGREEMENTS AND REQUIREMENTS**

**Country:** Uruguay

**Project number:** UR-L1116

**Name:** Program of support for secondary education and teacher training: towards seamless and complete learning pathways

**Executing agency:** Administración Nacional de Educación Pública [National Public Education Administration] (ANEP)

**Prepared by:** Nadia Rauschert and David Salazar (FMP/CUR)

### **I. EXECUTIVE SUMMARY**

- 1.1 This operation is an investment project in the amount of US\$74 million, of which US\$50 million consist of proceeds from the loan. The borrower is the Eastern Republic of Uruguay and the program's executing agency will be ANEP, through the executing unit of loan 2480/OC-UR, which reports to the Central Steering Council (CODICEN). ANEP is an independent government agency with legal status created under Law 15739/85, whose organizational and administrative structure will be responsible for executing the operation's resources and for managing the timely financing of local counterpart contributions.
- 1.2 The fiduciary agreements and requirements established for this program are based on ANEP's background as the executing unit for loans 1361/OC-UR "Secondary education modernization and teacher training program" (closed) and 2480/OC-UR "Secondary and technical education and teacher training support program," which is in the final stage of execution.

### **II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY AND THE CO-EXECUTING AGENCY**

- 2.1 ANEP has experience in executing projects with the Bank. The executing unit of the proposed loan is substantially the same as the one executing loan 2480/OC-UR, the fiduciary context of which is satisfactory. Its processes and general internal control environment are reasonable overall. The country systems, or their equivalents, that will be used for this operation are as follows:
  - a. Budget: Budgetary resources for this operation have been taken into account in the new Five-year Budget Law 2015-2019, so this system will be used. The program has the same budgetary base as in 2016, which is sufficient for the program overall (both sources).
  - b. Treasury: In order to manage program resources, a special account will be opened in the name of ANEP, specifying the program's name, in the Central Bank of Uruguay, as part of the Unified National Account.

- c. Accounting and financial reporting: The executing unit will consider whether to use the International Projects System (SPI) (a module of the Integrated Financial Information System—SIIF) in the early months of execution. It will be used if its benefits outweigh the general slowness of the SIIF, which could be affected by the large volume of transactions under this operation.
- d. Internal control: ANEP has an independent internal audit unit whose work focuses on the entity's management. ANEP operates under a satisfactory system of internal controls that are among the functions of the delegated accountants (legality) and with the involvement of the Audit Office of the Republic (TCR) in expenditures and payments.
- e. External control: This will be performed by the TCR, which has Tier 1 eligibility on the Uruguay Country Office's list of eligible auditors, meaning that this system will be used.

### III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

- 3.1 During the risk workshop on 6 July 2016, when the Project Risk Management methodology was applied, just one fiduciary risk was identified, which was rated low.

### IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS

- 4.1 **Exchange rate.** To convert expenditures in local currency into U.S. dollars (currency of the operation), the conversion exchange rate will be used. To report expenditures from the counterpart and for the recognition of expenditures, the exchange rate in force on the first day of the month in which payment was made will be used.
- 4.2 **Justification of advances.** Given the significant volume of transactions and expenditures under this operation and the country's budget regulations, which assign Bank resources to commitments in the SIIF (SIR code), it was agreed that justification of 70% of advances would be included, in order to minimize the risk of slowing down execution of any of the components and ensure that the executing unit has no liquidity problems.
- 4.3 **Audited financial statements.** Annual statements are to be submitted within 120 days following the close of each fiscal year, as well as a final statement at the end, to be submitted within 120 days after the date of the final disbursement.

### V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The procurement policies applicable to this loan are the Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9).

## 5.2 Procurement execution

- a. Given the existence of effective country laws and regulations on procedures for the bidders to examine the bidding files and the possibility for them to access the bidding documents, and as this practice is regulated (Articles 65 and 67 of the Consolidated Code of Accounting and Financial Administration (TOCAF) and Law 18,381) and has been evaluated by the Bank in the operations now in execution, the executing agency may make use of such laws and regulations in this operation, adapting the relevant parts of the bidding documents to be used, subject to the Bank's prior no objection.<sup>1</sup>
- b. Before carrying out any procurement process, the executing agency will present the Procurement Plan to the Bank for approval, with details indicating: (i) the contracts for goods and services required to carry out the program; (ii) the proposed methods for the contracting of goods and for the selection of consultants; and (iii) the Bank's contract supervision procedures. The borrower will update the Procurement Plan at least once every 12 months and based on the program's needs. Any proposed change to the Procurement Plan must be presented to the Bank for its approval.
- c. The agreed Procurement Plan provides for the recontracting of individual consultants previously selected for loan 2480/OC-UR, who will continue to provide services for this operation. This procedure is considered appropriate, due to the need for continuity and based on the satisfactory performance of said consultants.
- d. The Procurement Plan also provides for direct contracting of the firms Sistemas Informáticos and ST to implement the modules of the financial-administrative-human resources management system and the file management system, respectively. In both cases, these are extensions of the implementation of existing systems for which the firms hold the respective licenses (document GN-2349-9, 3.6, c).

## 5.3 The following are the provisions applicable to the execution of procurement:

- a. **Procurement of works, goods, and nonconsulting services:**<sup>2</sup> Contracts generated and subject to international competitive bidding (ICB) will be executed using the Standard Bidding Documents issued by the Bank, with the possible addition of the provision indicated in paragraph 5.2.a. Procurement subject to national competitive bidding (NCB) will be executed using bidding documents satisfactory to the Bank.
- b. **Consulting firms:** These will be selected and contracted according to IDB policies. Calls for bids involving international publicity (for amounts above US\$200,000) will be subject to ex ante review.

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<sup>1</sup> The procedure described is part of a national practice that promotes transparency in procurement, and it does not conflict with the application of the Bank's Policies. In order to ensure that, in practice, the procedure is executed within what the Bank's Policies allow, the bidding documents will require the Bank's no objection.

<sup>2</sup> Policies for the Procurement of Goods and Works Financed by the IDB (document [GN-2349-9](#)), paragraph 1.1: Nonconsulting services are treated as goods.

- c. **Selection of individual consultants:** Pursuant to Section V of the Bank's Policies (document GN-2350-9), use of a short list or the Standard Request for Proposals is not required. The executing agency will follow national procedures, which are complementary to those required by the Bank's policy and do not conflict with the provisions contained in that policy. However, the executing agency must ensure that timeframes are complied with and that publicity for the calls for bids is valid.

**Thresholds for Uruguay (US\$000)**

| Works   |           |       | Goods <sup>3</sup> |        |                   | Consulting services     |                          |
|---------|-----------|-------|--------------------|--------|-------------------|-------------------------|--------------------------|
| ICB     | NCB       | CP*   | ICB                | NCB    | CP*               | International publicity | Short list 100% national |
| ≥ 3,000 | 250-3,000 | ≤ 250 | ≥250               | 50-250 | ≤ 50 <sup>4</sup> | > 200                   | ≤ 200                    |

\*CP: Open call for proposals

- 5.4 **Major procurement processes:** See the Procurement Plan.
- 5.5 **Procurement supervision.** The ex post review method, subject to modification by agreement to be reflected in the Procurement Plan, will be used initially. ICB and the contracting of consulting services for amounts above US\$200,000 will be reviewed on an ex ante basis.

## **VI. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT**

- 6.1 **Programming and budget.** Proper budgetary allocation within the 2015-2019 Five-year Budget will be verified and execution will be monitored to ensure that the operation is executed on schedule, as established in the annual work plan. Planning will be based on the needs of the different councils—the Secondary Education Council, the Vocational Education Council, the Teacher Training Council—and those of program management.
- 6.2 **Recognition of expenditures.** The Bank may recognize eligible expenditures incurred by the borrower prior to the date on which the loan is approved for works and management systems, in the amount of up to US\$3 million against the local contribution (13.6% of the estimated local contribution), provided requirements substantially analogous to those set forth in the loan contract have been met. Such expenditures must have been made after 15 June 2016, the date on which the project profile was approved, and may in no case include expenditures incurred more than 18 months prior to the date on which the loan is approved. There will be no retroactive financing.
- 6.3 **Accounting and information systems.** International Financial Reporting Standards will be followed in preparing the financial statements. ANEP will assess

<sup>3</sup> Includes nonconsulting services.

<sup>4</sup> For technically simple goods, the shopping method may be used up to the threshold for NCB.

the potential use of the International Projects System instead of “Memory,” which is currently used for recording Bank-financed operations.

- 6.4 **Disbursements and cash flow.** To use the loan proceeds, ANEP will open a special account in the Central Bank of Uruguay, in the name of the program. The funds will be disbursed in the form of advances, based on cash programming for a maximum of six months.
- 6.5 **Internal control and external audit.** The program’s external auditing reports and the review of procedures and disbursement requests are to be presented for each fiscal year during the disbursement period, within 120 days following the end of that period. International Auditing Standards and the guidelines issued by the Bank for those purposes are to be taken into consideration.

## **VII. FINANCIAL SUPERVISION PLAN**

- 7.1 The supervision plan will take the following factors into account:
- a. For the first year of execution, a financial visit is expected to take place to examine the operation of the internal audit unit for potential use in the program, and use of the International Projects System for program records will be monitored.
  - b. Disbursement requests will be reviewed on an ex post basis, and verification will be done by the external auditor, together with the presentation of the program’s annual reports.