

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COLOMBIA

BOGOTA EQUITY IN EDUCATION PROGRAM

(CO-L1010)

LOAN PROPOSAL

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| Electronic Links and References | |
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| Basic socioeconomic data | http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata |
| Status of active loans and loans approved | http://ops/approvals/pdfs/COen.pdf |
| Tentative lending program | http://opsgs1/ABSPRJ/tentativelending.ASP?S=CO&L=EN |
| Annex II. Procurement plan | http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=844563 |
| Draft program Operating Regulations | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=842449 |
| Information available in RE3/SO3 files | http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=844917 |

ABBREVIATIONS

| | |
|--------|---|
| GDP | Gross domestic product |
| ICB | International competitive bidding |
| ICFES | Instituto Colombiano para el Fomento de la Educación Superior [Colombian Institute for Higher Education Development] |
| NCB | National competitive bidding |
| OC | Ordinary Capital |
| PTI | Poverty-targeted investment |
| SABER | Evaluation of Public and Private School Students in 5th and 9th Grades in Urban and Rural Areas, by City or Municipality |
| SED | Secretaría de Educación del Distrito [District of Bogota Education Department] |
| SEQ | Social equity/poverty reduction |
| SHD | Secretaría de Hacienda Distrital [District of Bogota Finance Department] |
| SISBEN | Social-Program Beneficiary Identification and Classification System |
| SPF | Subsecretaría de Planeación y Finanzas [Planning and Finance Subdepartment] |
| TCG | Technical Coordination Group |
| UCSC | Unidad Coordinadora del Proyecto de Subsidios Condicionados a la Asistencia Escolar [Coordination Unit for the Project of Cash Grants Conditional on School Attendance] |

PROJECT SUMMARY

COLOMBIA BOGOTA EQUITY IN EDUCATION PROGRAM (CO-L1010)

| Financial Terms and Conditions ¹ | | | | |
|--|----------------|----------|---------------------------------|--|
| Borrower: District of Bogota | | | Amortization period: | 25 years |
| Guarantor: Republic of Colombia | | | Grace period: | 4 years |
| Executing agency: District of Bogota Education Department (SED) | | | Disbursement period: | 4 years |
| Source | Amount | % | Interest rate: | Variable |
| IDB (Ordinary Capital) | US\$60 million | 66.7 | Inspection and supervision fee: | 0.0% |
| Local | US\$30 million | 33.3 | Credit fee: | 0.25% |
| Total | US\$90 million | 100.0 | Currency: | U.S. dollars from the Single Currency Facility |
| Project at a Glance | | | | |
| <p>Project objective: The program will support implementation of the District of Bogota's strategy to enhance equity and quality in preschool, primary, secondary, and postsecondary education.</p> <p>Special contractual conditions: See paragraph 3.21. The first disbursement under the program will be subject to fulfillment of the conditions set out in Article 4.01 of the Bank's General Conditions, and two special conditions as stated in paragraph 3.21.</p> <p>Exceptions to Bank policies: None.</p> | | | | |
| <p>Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Project qualifies as: SEQ <input checked="" type="checkbox"/> PTI <input checked="" type="checkbox"/> Sector <input type="checkbox"/> Geographic <input checked="" type="checkbox"/> Headcount <input type="checkbox"/></p> <p>Procurement: See paragraphs 3.22, 3.23, and 3.24. The Bank's new applicable procurement policies and procedures must be followed for procurement of works and services and to engage consultants.</p> <p>Verified by CESI on: 24 March 2006</p> | | | | |

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendations. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount.*

* With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. FRAME OF REFERENCE

A. Socioeconomic setting

- 1.1 Colombia's macroeconomic performance has been good in recent years, and all targets under its stand-by arrangement with the International Monetary Fund (IMF) have been met. After growth of 3.5% in 2003 and 3.8% in 2004, GDP grew by 5.1% in 2005, and inflation was 4.8%. Political stability and lower levels of violence helped reduce the country risk perception to 162 basis points (February 2006). Exports increased 26.7% in 2005, and unemployment eased from 12% to 10.4%. Despite this strong macroeconomic performance, the central government's deficit remains high (2003: 4.5% of GDP, 2004: 5.4%, and 2005: 4.9%), fueling a sustained increase in central government debt, which had climbed to around 36% of GDP by late 2005. Nonetheless, the liquidity of the local financial market has enabled the government to deploy a strategy to lighten the debt service profile in the short term, by lengthening maturities and concentrating more of the debt in local currency.
- 1.2 Over the last decade, the District of Bogota has continued to pursue a responsible financial policy in terms of both fiscal management and its financing structure. This continuity has institutionalized a District policy based on sound and sustainable finances. As of March 2005 the District's public debt was rated AAA locally and BB internationally, meaning that it is highly creditworthy. Economic growth in the District of Bogota has outpaced the national economy since 2000. In 2004, local GDP grew by 4.2% and accounted for 23% of national GDP. In 2005 the District's revenues rose 26% due to increases in both current and capital revenue.

B. The education sector

- 1.3 Formal education in Colombia has a four-tiered structure: (i) preschool for children between five and seven years of age, which is compulsory for a minimum of one year (grade 0); (ii) compulsory primary education, lasting nine years divided into two cycles—five years of lower elementary (grades 1-5) and four years of upper elementary (grades 6-9); and (iii) secondary education, lasting two years (grades 10-11). Postsecondary education encompasses both university and technical/technology studies with programs and courses of study of varying length.
- 1.4 Law 715 of 2001 (institutional rules on resources and competencies) and Law 115 of 1994 (the General Education Act) provide a framework for the decentralization process, which delegates a number of functions to the departmental and district levels (through departmental, district, or certified municipal education departments). Decentralized functions include the management of resources (own resources and transfers from the national government); the power to appoint and reassign teachers; training and advisory assistance for schools; and oversight of the

education service in the region. In Bogota, resources for public education are allocated according to explicit rules based on student enrollments.¹

- 1.5 The District Education Department (SED) is the apex agency for preschool, primary, and secondary education in Bogota. Its main function is to set district education policy within the policy guidelines of the National Ministry of Education.
- 1.6 Table I-1 below shows the number of district educational employees in 2005.

Table I-1
District educational employees in 2005

| Employees | Federal transfers (SGP) ² | Own resources | Total |
|--------------------------|--------------------------------------|------------------|--------|
| Teachers | 24,946 | 1,116 | 26,062 |
| School administrators | 1,568 | 0 | 1,568 |
| Administrative personnel | 1,436 ¹ | 863 ² | 2,299 |
| TOTAL | 27,950 | 1,979 | 29,929 |

¹ Administrative employees in District educational institutions.

² Administrative employees at the central level and in Local Education Administrative Centers (CADEL).

Data source: District Education Department (Payroll Office).

Some 32,600 teachers work in the private sector in Bogota (20.5% at preschools, 36.5% in lower elementary, and 43% in upper elementary and secondary).

- 1.7 The supply of schools in Bogota includes both public and private establishments. The official or public sector consists of schools operated directly by the SED and others that are managed by private companies under concessions. In the concession arrangement, the SED selects pupils by targeting levels 1 and 2 (the poorest population groups)³ of the SISBEN social-program beneficiary identification and selection system and provides funding for their schooling. The SED has also entered into agreements for private institutions to provide education services to public sector students, preferentially from strata⁴ 1 and 2 (demand subsidies), who have been unable to obtain space in a school near their home. In 2005, the District had a total of 2,783 schools distributed as follows: 361 public establishments, including 25 operated under concessions; and 2,422 private schools, 297 of which offer places to public sector students under agreements. In terms of the number of students, the District schools (public and private) served 1,609,945 children and

¹ Colombia is divided geographically and administratively into 32 departments, which in turn are divided into 1,098 municipalities. The Capital District of Bogota comprises 20 boroughs (*localidades*).

² The general revenue-sharing system (SGP) specifies the national funds that are to be transferred to local government entities.

³ Social-Program Beneficiary Identification and Classification System.

⁴ Social stratification is a targeting methodology based on housing characteristics.

young people in grades 0 to 11 in 2005, 58% in the public sector and 42% in the private sector. Net enrollment rates in 2005 were 88.1% in lower elementary and 83.4% in upper elementary and secondary combined.

C. Achievements and remaining challenges

- 1.8 Over the last few years, Bogota District education policy has made major strides in terms of boosting enrollments and better management of the sector. Enrollment in public schools grew by 217,580 places (30%) between 2000 and 2005, as a result of the following three-pronged strategy: (i) better use of installed capacity, including upgrading and expansion of existing infrastructure (representing 61% of the growth); (ii) demand subsidies in private schools (accounting for 26% of the increase in enrollment); and (iii) public schools operated by private enterprise under concessions (representing 13% of the enrollment increase). In terms of better management, the strategy was based on: (i) SED modernization; (ii) strengthening of information systems; and (iii) professionalization of administrative staff. A number of additional steps were taken to improve quality, such as: (i) emphasis on the evaluation of learning outcomes; (ii) support for underachieving institutions; (iii) human resource training based on skills diagnostics; (iv) incorporation of technology; and (v) management strengthening.
- 1.9 Although enrollment rates in Bogota are high and have increased substantially in recent years, further growth will be more complicated since it means bringing the most vulnerable and disadvantaged children and youth into the school system and, especially, keeping them in school. These include students from the poorest backgrounds with the least family support for their schooling, those with the lowest social capital resources, those living in areas far from schools, and those with the greatest learning difficulties.
- 1.10 Aside from natural population growth, two additional sources of pressure for new spaces in the public school system need to be addressed. One arises from the migration of students from private to public schools, which has been occurring over the last few years in the wake of worsening economic conditions for many families. The other source of pressure for new school places comes from children and young people from families that have moved to Bogota in the last few years after having been displaced from other parts of the country. Geographic mismatches in supply (location of schools) and demand (where students live) also need to be addressed, since these generate high travel costs in terms of student time and public funds for transportation subsidies.
- 1.11 With regard to internal efficiency indicators, the grade failure rate in 2004 was 4.5% and the repetition rate 2.6%. School attendance by children from SISBEN levels 1 and 2 in Bogota starts to falter at age 14. High education costs are the leading self-declared reason for dropout in all age groups, education levels,

boroughs, and poverty levels; 52% of dropouts under 19 years of age have been out of the education system for less than two years.

- 1.12 Students who successfully complete secondary education have few opportunities to go on to postsecondary studies; this is particularly true for the poorest students, partly because of problems of demand (lack of scholarships or loans), but also because of supply-side factors. In Bogota, the net enrollment ratio for higher education is 34%, of which 19.8% is in technical/technology education and the remaining 80.2% in professional programs at universities.⁵
- 1.13 In terms of quality, evaluations of students in grades 3, 5, and 9 and those finishing secondary education show that performance in the District of Bogota is above the national average. Even so, the achievement figures suggest that there is plenty of room for improvement. Strategies are therefore needed to improve learning achievement levels, particularly among the poorest and most vulnerable, who are the lowest performers. Evidence for Bogota reveals a strong correlation between family socioeconomic level and student achievement on standardized tests. In relation to inputs, evidence for other countries suggests the importance of textbook use for learning achievement. With regard to teachers, the District has no policy for targeting teachers with specific profiles to schools with the poorest and most at-risk students. Moreover, the data obtained in learning outcome evaluations need to be put to better use in the contents and practices used by teachers in the classroom.

D. The country's education sector strategy

- 1.14 The Colombian government has implemented a set of policies and programs over the last 15 years to reduce the inequities that exist in the education system. This has given rise to structural measures and compensatory programs. Structural measures have included: (i) protection of social and education expenditure through specific revenue earmarkings; (ii) selectiveness and targeting of social spending; and (iii) pursuit of efficiency. Framing these efforts are the overarching objectives of national education policy: higher enrollments and greater quality, efficiency, and equity. Education policy over the last few years has been characterized by progress on three fronts: (i) enrollment-based resource allocation; (ii) decentralized delivery of education services; and (iii) ongoing assessment of learning achievement.
- 1.15 National policy on postsecondary vocational technical/technology education aims to increase enrollment and quality, creating 150,000 new places in this sector. This is to be achieved by adopting new technologies, optimizing the use of existing infrastructure, and supporting the most relevant and highest quality programs, while making the system more efficient by decentralizing to local government the institutions that provide secondary vocational and technical/technology education. With a view to improving funding sources for students from the poorest strata so

⁵ Quality of Life Survey (ECV) 2003, District Planning and Administrative Department.

they can go on to postsecondary education, the Colombian Institute for Student Loans and Technical Studies Abroad (ICETEX) is working on a reform which, among other aims, would make more funding available to meet the demand for loans and subsidies from students in the poorest socioeconomic strata.

E. The District of Bogota's education sector strategy

- 1.16 The current government of the District of Bogota set out policies and targets for 2004-2008 in a development plan entitled "Bogota Without Indifference." In the education domain, the SED has defined the following areas as the central pillars of its policy: (i) achieving the realization of the right to education; (ii) strengthening of public education; (iii) improvement of conditions for teaching and learning; (iv) strengthening of the school as an institution; (v) participation and recognition of education stakeholders; and (vi) humane, sustainable, effective educational governance. A set of programs has been designed around these six pillars with aims that include improving access and retention conditions, expanding official enrollment, attacking school-based and associated factors that dissuade students from staying in school, making teaching contents and methods more relevant, and evaluating pedagogic practices, always with the aim of raising education quality. The District's priorities in relation to equity, quality, and coverage thus are consistent with national government education goals in recent years.
- 1.17 To attain the established objectives, particularly in terms of greater access, the District faces the following challenges: (i) the option of rationalizing school infrastructure has been rendered less viable by physical constraints and the deterioration of school facilities; (ii) the capacity to create spaces through demand subsidies is impaired by the limited supply of private education of minimum quality, this constraint being particularly strong in the boroughs with the highest levels of poverty and greatest demand; (iii) there are limits on the capacity of nonprofit educational institutions to operate schools effectively under concession contracts; and (iv) the current geographic mismatch between the demand for and supply of primary school places generates substantial costs for Bogota and lowers educational achievement and graduation rates. Moreover, given the city's population growth, this is bound to get worse in the absence of effective interventions.
- 1.18 In view of the problems described above, the SED has designed a strategy which, although built around actions that the District has pursued in recent years, such as maintaining the subsidy mechanism for places in private schools and those run under concession contracts, also responds to the new challenges by introducing a number of additional actions. The key elements of the strategy are as follows: (i) creation of new places to improve access opportunities; (ii) increasing student retention, particularly in critical grades, through a program of conditional cash grants; (iii) making secondary education more relevant and connecting it more

closely to the postsecondary level; and (iv) a set of specific actions to help the most vulnerable students and schools, to enhance learning outcomes.

- 1.19 To expand access opportunities for 2004-2008, the SED devised a plan⁶ to create 178,900 new spaces. Progress toward that target and achievement of the remaining objectives for 2006-2008 are based on the strategies shown in Table I-2.

Table I-2
Strategies for expanding school access in 2004-2008

| Strategy | Target 2004-2008 | Achieved 2004-2005 |
|---|----------------------|--------------------|
| Better use of installed capacity | 30,740 | 21,768 |
| Rotating classrooms ⁷ | 9,730 | |
| Schools operated under concession contracts | 6,370 | 12,495 |
| Subsidies in private schools | 20,460 | 11,029 |
| Construction of new schools | 111,600 ⁸ | 20,761 |
| Rebuilding and upgrading of schools | | 13,358 |
| Rented places ⁹ | | 12,379 |
| TOTAL | 178,900 | 91,790 |

F. The Bank's sector strategy

1. The Bank's country strategy

- 1.20 The three overarching objectives defined in the Bank's country strategy with Colombia (document GN-2267-1) for the medium term include *fostering social progress and making sure society's most vulnerable are protected*. One component of this area is *expanding the reach and increasing the quality and efficiency of social service delivery*. In the education domain *coverage* is specifically emphasized: (i) move towards universal preschool and primary education; (ii) take steps to expand the supply of secondary school places; and (iii) strengthen programs aimed at dissuading young people from dropping out of school. *Quality* is another key issue: (i) improve education sector organization and strengthen schools and advisory, regulatory, oversight, and monitoring organizations; (ii) promote a school governance system; (iii) train teachers; (iv) improve infrastructure and the provision of educational materials; and (v) lengthen the school day.

⁶ The SED performed a cost-feasibility analysis of the different alternatives.

⁷ The rotation system is a pedagogic device for optimizing the use of physical spaces. The aim is to improve quality and coverage by organizing and managing classrooms by subject areas.

⁸ Target to be achieved by building 38 new schools.

⁹ The spaces generated through rental arrangements are absorbed by new schools once these are in operation.

2. The Bank's education sector strategy

- 1.21 One of the Bank's objectives in the region, set out in its education strategies, is to help close gaps at all education levels. This involves: (i) prioritizing universal primary schooling; (ii) expanding access at levels where the education supply is insufficient; (iii) reducing repetition rates and preventing early dropout; and (iv) obtaining better learning outcomes, which requires policies focused on programs to upgrade teachers' skills, from preschool to the secondary level.

G. The Bank's experience in education and lessons learned

- 1.22 In late 1999, the Bank funded the "new school system" program in Colombia (1202/OC-CO). This program, still in progress, is intended to introduce reforms to strengthen decentralized and autonomous management in the education system and improve the efficiency and social equity of resource allocation, as a means to provide a better quality education service. The program has supported strengthening measures in 22 local education departments, information system design, training for school administrators, and administration of the SABER evaluation tests. Of the original US\$36 million loan, US\$10 million was cancelled and 58% has thus far been executed. With its emphasis on decentralized management, this program anticipated the process that was subsequently regulated through Laws 715 of 2001 and 115 of 1994 (see paragraph 1.4). The main program implementation problems have had to do with coordination of national, departmental, and local entities.
- 1.23 The Bank supported the Colombian government's efforts in the education sector through the social sector reform program in 2001 (1381/OC-CO) and the emergency social program of 2003 (1455/OC-CO). These entailed (i) strengthening the education management capacities of local government entities; (ii) expanding coverage by way of the new enrollment-based resource allocation system; and (iii) strengthening the system for evaluating learning outcomes.
- 1.24 The national government is implementing a program of cash transfers conditional on school attendance, entitled "Families in Action," for families with children between 6 and 17 years of age. In an initial phase, this program was implemented in communities of fewer than 100,000 inhabitants.¹⁰ An evaluation of the program showed that: (i) school attendance among children aged 8 to 13 increased by 3% in rural zones but remained unchanged in urban areas; (ii) the same indicator for young people between 14 and 17 rose by 5.5% in urban and rural areas alike; and (iii) boys benefited more from the program even though their attendance rate remained lower than girls'.
- 1.25 Through its three main pillars—access to preschool, primary, and secondary education; incentives to remain in school; and actions to improve learning

¹⁰ The national government is currently extending this program to urban areas.

outcomes—the District of Bogota education equity program is consistent with the above-described strategies and lessons learned. The program also stresses other aspects of those strategies and lessons learned such as: (i) targeting the poorest; (ii) teacher training; and (iii) infrastructure improvement and provision of learning resources.

H. Coordination with other donors

- 1.26 In addition to this IDB program, the District is currently negotiating two other projects with multilateral banks, for the purpose of financing its education sector plan. Discussions are ongoing with the Andean Development Corporation regarding a US\$50 million loan to complement proposals for school building and improvement of education infrastructure. An education component is also being developed with the World Bank in a metropolitan-scope risk-mitigation project.

I. The program's strategy

- 1.27 To achieve its purpose, the proposed program will pursue the following lines of action: (i) complement the District's portfolio of measures to guarantee sufficient spaces in preschool, primary, and secondary education in boroughs where demand exceeds supply, by supporting the construction of 20 new schools; (ii) increase retention and graduation rates in primary, secondary, and postsecondary technical/technology education through cash transfers tied to school attendance, thereby helping to generate incentives and overcome barriers to human capital investment among the poorest children and young people; and (iii) help raise the quality of education and improve learning outcomes in poor and vulnerable population groups by way of contextualized resources and technologies in schools attended by students who are at greatest risk for low academic achievement, particularly in the new schools to be funded by the program.

II. THE PROGRAM

A. Objectives and description

- 2.1 The program will support implementation of the Capital District of Bogota's strategy to enhance equity and quality in preschool, primary, secondary, and postsecondary education. The specific objectives, particularly for Bogota's poorest children and young people, are: (i) to expand and improve access to the preschool, primary, secondary, and postsecondary technical/technology education levels; (ii) to raise retention and graduation rates for those levels; and (iii) to improve the quality of education services at those levels.

B. Program structure

1. Construction of education infrastructure (US\$62.4 million)

- 2.2 This component aims to expand the number of places for children and young people at all education levels by creating 61,100 new spaces distributed as follows: 2,940 places at preschool level, 19,600 in lower elementary, and 38,560 in upper elementary and secondary. A total of 20 schools will be built, provisioned and equipped to attain this target. Of these, 19 will teach grades 0 through 11 and one will offer grades 6 to 11. The new schools will function as new premises of existing district educational institutions in geographic areas where the demand for public education exceeds the supply of education services (both directly provided and under concession arrangements).¹¹ Nineteen of the 20 new schools will be built in boroughs declared to be in a situation of social emergency by the District government, which are home to a high proportion of population groups in strata 1 and 2 living in unregulated settlements. For that reason, apart from being consistent with a pedagogic model tailored to the specific needs of the student population, architectural designs will also provide for community functions, covering recreational needs and the management of public space.
- 2.3 Each school's endowment will include the following: (i) sports equipment; (ii) materials for the art classroom; (iii) materials for the music classroom; (iv) physics, chemistry, and science laboratories; (v) equipment for public address system; (vi) equipment for outdoor recreation areas; (vii) industrial safety equipment; and (viii) nursing equipment. The program will only fund the building and provisioning of the schools. Land purchases, design of the architectural model, and construction design and supervision will be paid for by the SED out of its own budget.

¹¹ The boroughs of Ciudad Bolívar, Rafael Uribe, Suba, Engativá, Kennedy, Bosa, and Usme.

2. Higher retention and graduation rates (US\$20.3 million)

a. Conditional cash grants for upper elementary and secondary education (US\$17.4 million)

- 2.4 The aim of this subcomponent is to reduce dropout rates at the upper elementary and secondary levels among young people from low-income families. To achieve this, the program will fund cash transfers, conditional on school attendance, for approximately 62,000 young people under 19 from SISBEN levels 1 and 2 who have completed lower elementary education. The final design of the transfer scheme will be based on the results of a pilot test which the District has been implementing since February 2005, and which is expected to be completed in June 2006. The pilot program evaluation will report on the relevance of the different modes of transfer delivery (eligible grades and transfer scheme),¹² and the alternative chosen will be that which predicts the program's greatest impact on retention. Funding would be provided for: (i) grants tied to school attendance; and (ii) actions to strengthen the management of the conditional transfers program.
- 2.5 The pilot program¹³ is operating in two Bogota boroughs (Suba and San Cristóbal) under three different modalities: (i) a monthly transfer of about US\$12 paid every two months during the school year (10 months), for up to two years, to young people attending 6th through 11th grades in San Cristóbal and those attending 6th through 8th grades in Suba; (ii) a monthly transfer of US\$8 paid every two months, including forced saving of US\$40 which will be paid as a "reward" for passing the grade, for young people in grades 6 through 11 in San Cristóbal, for a maximum of two years; and (iii) a monthly transfer of US\$8 paid every two months for up to three years, with a "reward" for graduation contingent on enrollment in postsecondary education (US\$40 without enrollment or with university enrollment, paid one year later; or US\$240 with registration in the technical-technological education system), aimed at young people attending 9th through 11th grades in Suba. Because of budget constraints, only 9,749 of a total of 17,818 eligible young people registered to participate in the program are actually receiving these grants. Recipients were chosen and assigned to the different modalities at random.

b. Conditional cash transfers for postsecondary education (US\$2.8 million)

- 2.6 The aims of this subcomponent are: (i) to improve access to postsecondary technical/technology programs for secondary-school graduates from the poorest¹⁴

¹² The size of the transfer has been determined through a microsimulation using the 2004 Quality of Life Survey.

¹³ The pilot program's evaluation questionnaire includes items that make it possible to identify the differential gender impact and causes of dropout.

¹⁴ Measured in terms of the score obtained in the SISBEN survey.

socioeconomic groups; and (ii) to improve retention levels in postsecondary technical/technology programs among students from the poorest socioeconomic strata.

- 2.7 This component will finance a program of cash transfers tied to attendance at postsecondary technical or technology institutions and accredited programs. It will serve roughly 1,400 students from the poorest strata who, having completed secondary education and obtained their *bachiller* diploma, decide to pursue further technical and/or technology studies. The transfer amount is estimated at US\$644 per semester, divided as follows: US\$320 for tuition (paid directly to the school in question), US\$100 for transportation, US\$62 for supplies, and US\$160 for living expenses. The latter amounts will be paid directly to the beneficiary in two payments each semester, with continuity dependent on attendance and passing the semester. The conditional transfers program for postsecondary education will be implemented in two stages, the first of which will involve a pilot program, whose evaluation should be completed by late 2007. Based on the findings of this evaluation, the conditional transfers program for postsecondary studies will be expanded as from 2008. Financing would be provided for: (i) design of the pilot program; (ii) cash transfers conditional on attendance in postsecondary education institutions; (iii) evaluation of program process; and (iv) measures to strengthen program management. To be eligible to accept program beneficiaries, postsecondary institutions have to fulfill a number of requirements guaranteeing the quality of their offerings. Each of these specific eligibility conditions for postsecondary institution participation in the pilot program is described in the program's Operating Regulations.

3. Higher quality (US\$5.1 million)

- 2.8 The object of this component is to improve learning achievement levels in students attending schools that serve the most vulnerable populations, particularly the planned new schools. The component will be articulated around three pillars: (i) teaching and learning resources; (ii) professional development for teachers and school administrators; and (iii) assessment of learning outcomes.

a. Learning resources (US\$3.2 million)

- 2.9 This subcomponent seeks to improve student skills development in all areas of knowledge and provide opportunities for reading and reader training. The delivery and introduction of teaching and learning resources will be supported by a training process coordinated between the needs of this subcomponent and the group training proposed in the professional development subcomponent. Two specific lines of action will be financed: (i) a library for each of the 20 new schools, consisting of books and other reference materials, computers and printers, security systems, automated processing systems, and staff training; and (ii) integrated science and technology learning environments, consisting of equipment, technology operators,

and IT hardware for information search and data processing. The literature considers these areas essential for quality.

b. Professional development for teachers and school administrators (US\$1.4 million)

- 2.10 This subcomponent will support actions to select and improve in-service training for teachers and administrators at the 20 new schools. Funding will be provided for the process of selecting principals and pedagogic coordinators with specific skills for working with very at-risk students, in addition to contextualized training activities in which teachers receive group training that takes account of the specific characteristics of their particular school, especially its “Education Plan” (PEI).¹⁵ Training actions will also be funded within the District’s regular teacher training process (graduate courses and continuing teacher training programs), contextualized to the specific situation of those teachers in their respective schools. This type of training will be structured around the specific expertise needed for the proposed work plans to be developed by the teams of teachers at each school for the pedagogical use of integrated learning environments in science and technology and their integration into the PEI. Criteria for selecting principals and coordinators will include candidates’ management skills for dealing with students whose situation makes them vulnerable, and teamwork and leadership skills. In the case of teachers, candidates’ knowledge of subject-specific contents will be evaluated, as well as their interest in and ability to work with vulnerable population groups.

c. Evaluation of learning outcomes (US\$500,000)

- 2.11 The program will support actions to design, apply, and evaluate a pilot model for the comprehensive evaluation of education quality in the 20 new schools. This would produce up-to-date information on the institution, including student learning (assessed through the COMPRENDER, SABER and ICFES tests), administrative and pedagogic management by school administrators, teachers’ professional practices, the climate in the school, learning environments, and so forth.
- 2.12 Support will be provided for actions to inform schools, as well as administrators and teachers, of the results of the learning outcome assessments, and to support the pedagogic process arising therefrom. In particular, this information will provide tools to understand what is happening in the classroom and school, rewrite curricula, improve pedagogic practices, and create better conditions for teaching and learning.

¹⁵ Each school’s Education Plan maps out its educational strategy and targets.

C. Cost and financing

- 2.13 The program will cost a total of US\$90 million, of which the Bank will finance US\$60 million (67%) and the District of Bogota will provide US\$30 million (33%) in local counterpart funding.

| Table II-1 Program costs and financing (US\$000) | | | | | |
|---|---|---------------|---------------|---------------|--------------|
| | | IDB | SED | TOTAL | |
| I. | Construction of education infrastructure | 42,252 | 20,098 | 62,350 | 69.3% |
| | Construction and equipping of new schools | 42,252 | 20,098 | 62,350 | |
| II. | Higher retention and graduation rates | 13,147 | 7,162 | 20,309 | 22.6% |
| | Conditional cash transfers for basic education | 10,605 | 6,870 | 17,475 | |
| | Conditional cash transfers for postsecondary education | 2,542 | 292 | 2,834 | |
| III. | Better quality | 3,172 | 1,880 | 5,052 | 5.6% |
| | Learning resources | 3,172 | | 3,172 | |
| | Professional development for teachers and school administrators | | 1,378 | 1,378 | |
| | Evaluation of learning outcomes | | 502 | 502 | |
| IV. | Operating expenses | 700 | 721 | 1,421 | 1.6% |
| | Administration | 0 | 721 | 721 | |
| | Audits | 200 | 0 | 200 | |
| | Evaluation | 500 | 0 | 500 | |
| V. | Contingencies | 729 | 139 | 868 | 0.9% |
| | Total | 60,000 | 30,000 | 90,000 | 100% |
| | Percentage by funding source | 67% | 33% | 100% | |

III. PROGRAM IMPLEMENTATION

A. Borrower, guarantor, and executing agency

- 3.1 The borrower and executing agency will be the District of Bogota. The Republic of Colombia will be the guarantor for the borrower's payment obligations. The District's Education Department (SED) will be responsible for technical execution of the program and its Finance Department (SHD) will have financial responsibility. The guarantee provided by the national government will cover only the loan service, including interest and fees, not the local counterpart or performance obligations.

B. Project implementation and administration

- 3.2 The SED's Planning and Finance Subdepartment (SPF) will be responsible for general direction and coordination of the program within that District department. The three program components will be implemented by the three SED line subdepartments: component 1, Better access, by the Administrative Subdepartment; component 2, Increased retention and graduation rates, by the SPF; and component 3, Higher quality, by the Academic Subdepartment.
- 3.3 For program coordination, the SPF will be strengthened by a technical coordination group (TCG) consisting of: (i) a technical coordinator; (ii) an operational specialist; (iii) an administrative-financial specialist; and (iv) an administrative assistant. The TCG will report directly to the SPF. Each subdepartment will also be strengthened by additional professional staff to implement the respective components (see paragraph 3.5).
- 3.4 The TCG will provide general support to the SPF in the technical, administrative, and financial activities undertaken by the various SED subdepartments, to ensure that the program is executed and its objectives achieved under the conditions established in the Operating Regulations. Specifically, the TCG will: (i) assist in the coordination and supervision of program activities; (ii) prepare annual work plans (AWPs); (iii) help monitor program performance and outcomes; (iv) prepare semiannual reports for the Bank and for the District Finance Department, describing implementation progress of the program components and attainment of the logical framework indicators; (v) help the line units finalize the terms of reference for contracting specialized consulting services and technical assistance; and (vi) assist with the preparation of financial and accounting reports. Table III-1 shows the main SED units responsible for executing each line in each component.

Table III-1
Responsibility for activities in the SED, by component

| Activities | Main responsible units | Other responsible units |
|---|---|-------------------------|
| Component 1 | Administrative Subdepartment | Procurement Office |
| (i) Construction of 20 new schools | Physical Plant Office | |
| (ii) Equipping and provisioning of 20 new schools | Materiel Resources Office | |
| Component 2 | Planning and Finance Subdepartment | Human Resource Office |
| (i) Cash transfers conditional on school attendance, basic education | Enrollment Office | |
| (ii) Cash transfers conditional on school attendance, postsecondary education | Enrollment Office | |
| Component 3 | Academic Subdepartment | Finance Office |
| (i) Learning resources | Educational Resources Office | |
| (ii) Professional development for teachers and school administrators | Teacher Training Office | |
| (iii) Evaluation of learning outcomes | Evaluation and Analysis Office | |

- 3.5 While the SED has sufficient capacity overall to implement the program, the institutional analysis revealed that departments directly involved in implementation of the operation's components require temporary strengthening to be able to implement it within the established timeframes. The main strengthening requirements suggested were: (i) **Administrative Subdepartment:**¹⁶ Two professionals to assist in procurement processes both in preinvestment and in works relating to construction of the 20 new schools, monitoring of these processes, and works monitoring and supervision; (ii) **Planning and Finance Subdepartment:** A professional to interface with the team responsible for the current conditional-transfers pilot program and to support execution of the subcomponent on conditional transfers for postsecondary schooling; and (iii) **Academic Subdepartment:** A professional to help implement the three lines of work specified for the quality component, basing its specific execution on fulfillment of the objectives proposed for the 20 new schools. Professionals assigned to the different program components will work exclusively on implementing those components and will report to the line areas to which they belong.
- 3.6 The specific functions, reporting lines, rules for implementation, and procedures for coordination between the program's TCG and the three SED subdepartments are set out in detail in the program's Operating Regulations.
- 3.7 The District of Bogota previously negotiated a loan with the Bank—the institutional strengthening program for the District of Bogota (1385/OC-CO), which is still

¹⁶ One professional to manage contracts and another to assist in physical plant and materiel (shared).

active. Its aim is to improve efficiency and transparency in the District's use of resources and improve municipal service delivery. Execution of this program was slow to start with, but improved markedly once the coordination and technical functions were separated. Two lessons have been learned thus far in implementing this operation: (i) an exhaustive analysis of institutional and technical capacities is a must for the execution of such programs with the District of Bogota; and (ii) in execution it is important to separate coordination functions, which could be delegated to an ad hoc executing unit, from technical functions that can be performed by District institutions.

- 3.8 Given the experience accumulated by the District of Bogota, particularly its Finance Department (SHD), in the negotiation and implementation of programs with the Bank, the latter department will support the SED in financial management of the program. In particular, the SHD will be responsible for: (i) converting the loan proceeds from the special account to move to the specific account in pesos in response to monthly requests submitted by the SED; (ii) payments to contractors, suppliers, and consultants hired by the SED; (iii) contracting of a firm to audit the program; and (iv) replenishment of the revolving fund. Details on resource flows between the two departments are in the program's Operating Regulations.

C. Execution of component 1: Construction of education infrastructure

- 3.9 The Physical Plant Office will implement activities relating to the construction of the 20 new schools, while the Materiel Resources Office will be responsible for their provisioning and equipping.
- 3.10 The current status of acquisition of land for the 20 new schools is as follows: the SED has thus far purchased 17 sites, with three more in the process of acquisition. The schools to be built on the 17 purchased sites are in the design stage. To ensure quality in the designs and resultant works, the SED has engaged the Colombian Architects Association to select architectural designs forming the basis for the final designs of each school, and the National University to help supervise the design process and construction. The building sites acquired for the new schools satisfy the following criteria: (i) they are located in or near neighborhoods that have unmet demand for public education, in terms of enrollment of children and young people from strata 1 and 2; and (ii) they have satisfied the District of Bogota's feasibility study requirements for site purchases. The schools will be built in compliance with the District's regulations on the environment, land use, and the building of school infrastructure, together with regulations governing pedagogic and technical issues that aim to create a comprehensive pedagogic environment consistent with each school's Education Plan.¹⁷

¹⁷ These requirements will be spelled out in the program's Operating Regulations.

- 3.11 In view of progress made already, the schools are expected to be built and equipped by October 2007. Table III-2 shows the complete schedule for design, construction, provisioning/equipping, and operation for the 20 schools to be financed by this component.

Table III-2
Implementation schedule

| | 2006 | | 2007 | | 2008 | |
|-------------------------|------|----|------|----|------|----|
| Stage | I | II | I | II | I | II |
| Design | 16 | 4 | | | | |
| Construction | | 16 | 4 | | | |
| Provisioning/equipping | | | 20 | | | |
| Operation ¹⁸ | | | 20 | | | |

- 3.12 Of the 19 all-grade schools, 11 will have 36 classrooms (three classrooms per level); the other eight will have 24 classrooms, two at each level. The school offering 6th to 11th grade will have 18 classrooms. To optimize the use of school infrastructure and pursue a pedagogic agenda to improve learning achievement levels, a system of “rotating classrooms” will be used, which organizes and manages classrooms by subject area in the upper elementary and secondary levels. This will make it possible to create additional places equivalent to 10 groups for the schools with 36 classrooms, seven for those with 24 classrooms, and four for the 18-classroom school. The maximum number of students per group will be 30 at the preschool level and 40 at the primary and secondary levels.

D. Execution of component 2: Higher retention and graduation rates

- 3.13 The SED Enrollment Office will be responsible for implementing the component that calls for cash transfers conditional on school attendance in both subcomponents—upper elementary and secondary, and postsecondary education. The component will be implemented through the Coordinating Unit of the Project for Cash Grants Conditional on School Attendance (UCSC), which is currently operating the pilot conditional transfers program. The unit will have a six-strong professional team to execute this component (five current staff plus an additional member).
- 3.14 The functions to be performed, coordinated, and monitored in these components include: (i) design of invitations to tender; (ii) registration of beneficiaries; (iii) verification of requirements; (iv) selection of beneficiaries; (v) verification of

¹⁸ Classes will be held in prefabricated classrooms on 10 of the sites in 2006 and in the 15 schools still under construction in 2007.

conditionalities; (vi) payment of the cash grant; and (vii) support for collection of data needed for the evaluation. All of these functions will be performed by the UCSC.

- 3.15 Beneficiaries will receive the cash transfers by way of a debit card linked to a bank account opened for each recipient.¹⁹ Benefit payments will be deposited in each beneficiary's bank account if he or she has fulfilled the co-responsibility obligation (i.e. school attendance). The debit cards will be issued in the name of the mother when the beneficiary is under 16 and in the beneficiaries' own name when they are over 16.
- 3.16 Verification of conditionality: At the upper elementary and secondary school levels, performance of the co-responsibility obligation will be verified from the data entered by the schools in the online reporting system. In the case of postsecondary education, the SED will use an intermediary institution in a pilot arrangement. At the program level, the evaluation to be performed will report on the advisability of using an intermediary institution. Each school will be connected online to the SED, and the designated employee will input attendance data every two months through the IT system installed in each school. The program's Operating Regulations contain details on all the main features relating to: (i) characteristics of the eligible population; (ii) cash transfer eligibility requirements; (iii) procedures for allocating the transfers; and (iv) beneficiary rights and obligations.

E. Execution of component 3: Higher quality

- 3.17 The subcomponent on learning resources will be implemented by the Educational Resources Office. Each of the new schools will select materials for its library. To facilitate this process and ensure that schools have quality materials, that office will send each school a database of books and other reference materials containing the latest additions so that academic councils can review and select the materials needed for their Education Plan. If other titles are required that are not in the database, the school will be free to include them. Once the school has made its selection, the lists will be sent to the Resources Office for final review and for purchase and distribution of the materials. Resource allocations for setting up science and technology learning environments will take account of the specific characteristics of each school's teaching areas, in accordance with its Education Plan.
- 3.18 The subcomponent on professional development for teachers and school administrators will be implemented by the Teacher Training Office. Teachers for the 20 new schools will be chosen by reference to the following criteria: (i) willingness to work in a team; (ii) interest in working with high-risk student

¹⁹ The financial institution is Banco Popular, which is already operating in this capacity in the pilot conditional-transfers program.

populations; (iii) willingness to be assigned to one of the new schools even if not close to home; and (iv) willingness to participate in out-of-hours training programs. Criteria in the case of the management team will include issues relating to pedagogic management in a context of vulnerable populations, teamwork, and leadership.

- 3.19 The Evaluation and Analysis Office will implement the learning outcome assessment subcomponent. Among other activities, this Office will be responsible for: (i) deciding on the objects of evaluation; (ii) participatory design and construction of the proposal for comprehensive evaluation of education quality, including fine-tuning of learning achievement tests; (iii) specification of statistical models to make a descriptive, qualitative, and academic analysis of the evaluation findings; (iv) operation, administration, recording, and statistical and academic analysis of tests to evaluate learning outcomes and the cultural capital survey; (v) operation, application, recording, and statistical and qualitative analysis of the comprehensive evaluation of education quality; and (vi) assistance to schools in the interpretation and pedagogic use of the evaluation findings.
- 3.20 **Operating Regulations.** Preparation of the program's Operating Regulations is well advanced and they are expected to be completed before the loan proposal is distributed to the Bank's Board of Executive Directors. They cover all the aspects referred to in the loan proposal.
- 3.21 **Conditions precedent to the first disbursement under the program.** The first disbursement under the proposed operation will be subject to fulfillment of the conditions established in Article 4.01 of the Bank's General Conditions and the following special conditions: (i) entry into force of the program's Operating Regulations; and (ii) evidence that the SED has hired or appointed the program's technical coordinator.

F. Procurement

- 3.22 Works and services will be procured and consultants hired in accordance with the Bank's policies and procedures set out in documents GN-2349-4 and GN-2350-4. Accordingly, international competitive bidding, national competitive bidding, or shopping will be compulsory as from the following thresholds in each contract:

Table III-3
Works and services procurement

| | Works | Goods |
|---|-----------------|---------------|
| International competitive bidding (ICB) | > US\$5,000,000 | > US\$250,000 |
| National competitive bidding (NCB) | > US\$350,000 | > US\$50,000 |
| Shopping (PC) | < US\$350,000 | < US\$50,000 |

- 3.23 The borrower may use any of the selection and contracting methods provided for in Bank policies to select and hire consultants. Although contracts worth more than US\$200,000 require an international call for proposals, in the case of consulting services with an estimated cost below US\$350,000, the shortlist can consist entirely of national consultants.
- 3.24 Most works under component 1 will be procured through NCB, since the program calls for standalone works of small contract values (under US\$5 million), which are geographically dispersed and will be undertaken on a staged basis. ICB will be required for works that are geographically and temporally close to each other and cost more than US\$5 million. Because of the education program's high priority for the city of Bogota, contracting of school construction works has begun in parallel with preparation of this loan proposal, and approximately 11 contracts totaling US\$33 million have already been awarded in transparent, national competitive bidding processes under Colombia's Government Contracting Act (Law 80). Pursuant to that law, the bidding documents stated that offers above or below a set reference price would be rejected, so the evaluation factors for determining the winning offer did not necessarily favor the lowest bidder, which is not considered a good practice under the Bank's procurement policies. However, pursuant to document GN-2306-6, Management believes that these contract awards should be recognized against the loan proceeds, given that fact that the principles of competition and transparency were observed, and that (i) in those cases where the contract was not awarded to the lowest bidder, it went to offers only marginally higher; (ii) no protests have been filed as a result; and (iii) the Bank has an interest in participating in a project with the ends and means described above. For the retention component, the borrower will provide the Bank with a list of final beneficiaries and means of verification in accordance with the criteria established prior to this disbursement.
- 3.25 An assessment made during the design of the operation found that the executing agency has the capacity to implement the envisaged procurement processes in accordance with the program's objectives and Bank policies. The procurement plan in Annex II lists the planned contracts to achieve the program's objectives and the selection method for each. This plan is to be updated at least every year.

G. Implementation period and disbursement schedule

- 3.26 The proposed program will last 48 months, with a maximum period for loan disbursement of 54 months, both periods counted from the effective date of the loan contract. Table III-4 presents the program's disbursement schedule by funding source.

Table III-4
Disbursement schedule (US\$000)

| Funding source | Year 1 | Year 2 | Year 3 | Year 4 | Total | % |
|-----------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| IDB/OC | 22,594 | 33,046 | 3,158 | 1,202 | 60,000 | 66.7 |
| Local | 13,309 | 14,610 | 1,639 | 442 | 30,000 | 33.3 |
| TOTAL | 35,903 | 47,656 | 4,797 | 1,645 | 90,000 | 100.0 |
| Percentage | 39.9 | 53.0 | 5.3 | 1.8 | 100.0 | |

- 3.27 **Revolving fund.** The loan proceeds will be deposited in an account to be used exclusively for the program's execution. The counterpart resources are to be deposited in a separate account exclusively for program purposes. It is recommended that a revolving fund of up to 5% of the loan funding for the SED activities be established.
- 3.28 **IDB monitoring and supervision.** Prior reviews will be done of all procurement processes undertaken by the SED. The Bank's Country Office in Colombia will make field inspection visits at least every six months to verify the following, in a sample of boroughs: (i) the quality of schools built and their equipment; (ii) pedagogic practices and methods being used to assess learning outcomes; (iii) targeting of the conditional transfers program; and (iv) financial management of the grants for postsecondary schooling. An administration mission will be fielded annually to review the performance of program activities and agree upon any necessary adjustments.
- 3.29 **Accounting.** IDB resources and the counterpart funds provided by the District will be deposited in a special account managed by the SED's Finance Department (SHD)—which will open an account in the SED's name and deposit to it the loan proceeds—for each of the funding sources (IDB and the District of Bogota). Payments for goods and services purchased will be made by the executing agency. The cumulative expenditure or investment amounts shown in the periodic accounting reports will only consider eligible expenditure items as previously agreed upon with the Bank. The SED will keep on file the originals and/or copies of contracts, purchase orders, invoices, receipts, payment vouchers, supplier certificates, and any other document needed to corroborate information contained in the reports submitted to the Bank. Documentation must be duly identified and filed and must be provided to the Bank's authorized officials and external auditors for their review, on request.

H. Audits

- 3.30 Pursuant to the Bank's policies and procedures (AF-100, AF-200, AF-300, AF-400 and AF-500), the executing agency will hire a firm of independent accountants acceptable to the Bank to perform external operational, financial, and compliance audits over the course of the program. As the audit costs will be funded out of the

proceeds of the Bank's loan, the firm will be hired following the procedures approved by the Bank for selection and hiring of audit firms (AF-200).

- 3.31 The executing agency will submit the program's annual financial statements to the Bank, with the opinion of the independent audit firm, within 120 days following the end of each fiscal year throughout the program and within 120 days after the date of the final loan disbursement.
- 3.32 In addition, an operational and financial audit report must be submitted annually to the Bank, containing: (i) an opinion on compliance with the contract covenants; (ii) an opinion on procurement processes and disbursement requests submitted to the Bank; (iii) an evaluation of the project's internal control system; and (iv) an opinion on supplementary financial information, including a reconciliation of the program's accounting and financial records with Bank data and a revolving fund reconciliation.

I. Monitoring and evaluation

- 3.33 Throughout the life of the program the SED will submit semiannual progress reports to the Bank within 60 days following the end of each six-month period, to report on progress achieved and problems encountered during the respective period. In addition, in November of each calendar year during the program the executing agency will submit an annual work plan for the Bank's approval, following guidelines and formats previously agreed upon. The program's logical framework describes the indicators and means of verification to be used to monitor and evaluate program outcomes in terms of access, retention and graduation rates, and quality of learning.
- 3.34 The program will fund two outcome evaluations. The first will assess: (i) the effectiveness of the process for selecting and training teachers and school administrators, comparing with schools with similar problems, from the standpoint of ensuring that their profile and skills, and how the latter impacts on the organization of the school, are more relevant to the characteristics of the student population; (ii) the degree to which teachers draw upon learning outcome assessments to modify their practices, compared to the situation in schools with comparable problems; and (iii) the impact of textbook use and integrated science and technology learning environments on students' learning, controlling for other learning-related factors. This initial evaluation will be performed in two stages. The first, to be conducted when the 20 schools are equipped and operating—probably in early 2008—will establish a baseline for the evaluation, and make an interim analysis of processes. The second stage, to evaluate outcomes, will be performed at the end of the program. The aim of the second review is to assess the impact of the two conditional-transfer subcomponents in terms of their capacity to increase access and raise retention and graduation rates. In the subcomponent providing transfers tied to primary and secondary school attendance, the program will fund

the establishment of a baseline (June 2006) and initial monitoring of the scaled-up program (June 2007), to analyze the effectiveness and efficiency of processes and early program impacts. In the case of conditional transfers for postsecondary education, the funding will be provided to establish a baseline (2007) and evaluate early impacts of the interventions on enrollment and retention (2008). A final evaluation will also be performed to take account of data obtained from the outcome assessments described above, together with an evaluation of the component-specific output indicators set out in the logical framework.

- 3.35 The data gathered through the program evaluations could serve as a direct input for an ex post evaluation of the program, should one be performed either by the District of Bogota or by the Bank's Office of Evaluation and Oversight (OVE). The District of Bogota agrees to compile and keep available the information needed to prepare the project completion report, pursuant to Bank policy (OP-305).

IV. VIABILITY AND RISKS

A. Institutional viability

- 4.1 The Bogota District Department of Education (SED) will have technical responsibility for the program's execution. Although in the last five years the SED has improved its capacity for planning and information for decision-making, and it has 50 years' experience in running the District's public education system, it is only now beginning to gain experience in executing multilateral and bilateral projects. For that reason, as part of the process of preparing this new operation, consulting services were engaged to conduct an institutional capacity analysis of the SED in the areas of work programming, administrative organization, staff management, management of goods and services, financial management, and internal and external control. The analysis showed that the SED has well developed operational processes, together with extensive regulations that cover nearly all of its administrative procedures, most of which are clearly defined and supported by pre-established formats and rules. The professional, technical, and support staff profiles are suited to the objectives of the various SED units and their functions. According to the Institutional Capacity Assessment System (ICAS) risk matrix results, the institutional risk of the SED as executing agency is low.
- 4.2 The evaluation also showed that while the SED generally has sound capabilities, its departments that are directly involved in implementing the proposed program components do require additional support to avoid overloading their current capacity and enable them to implement the program as planned. The implementation arrangement therefore is based on the creation of a coordinating body to help the three subdepartments implement the activities slated for funding. The SED will also receive support from the District's Finance Department (SHD) for financial management of the program.

B. Socioeconomic viability

- 4.3 The program will help reduce the costs (both private and social) of low human capital accumulation in Bogota. The private cost shows up mainly in lower employment incomes and a greater likelihood of unemployment or longer duration thereof. For example, it is estimated that in Bogota a person who completes primary and secondary school (11 grades) is likely to have an annual income 8.9% higher than someone who drops out after the second stage of primary (eight grades).²⁰ The empirical relation between poverty and low human capital accumulation has been

²⁰ Source: Social Information Service (SIS), IDB Research Department, based on the July, August, and September 2003 Continuous Household Surveys conducted by the National Planning Department. The figure was calculated for a sample of male and female wage-earners between 25 and 50 years of age. The returns to completing basic and postsecondary education nationwide are 11.29% and 21.80%, respectively.

systematically demonstrated. This relation becomes a vicious circle when the poor and vulnerable are those most likely to drop out of the school system early and who, because of family or school system characteristics, acquire fewer skills and competencies in school. In 2003, for example, whereas almost 95% of the Bogota population between 15 and 16 years of age from families in the highest income quintile were attending school, 26% of those in the poorest quintile were not.²¹ The social costs of early school dropout and low learning achievement include the following: (i) low labor productivity, and hence lower economic growth rates; (ii) greater pressure on public spending to fund programs to alleviate poverty and vulnerability; (iii) intergenerational reproduction of poverty and inequality; and (iv) social disintegration.

- 4.4 **PTI/SEQ classification.** This operation qualifies as a poverty-targeted investment (PTI) since it will target students from the poorest families, by virtue of geographic location of the 20 new schools and the socioeconomic level of the students supported by cash transfers tied to school attendance.

C. Financial viability

- 4.5 The program is expected to generate roughly US\$463 in spending per student in 2005, for a total annual expenditure of US\$28.3 million. This is considered fiscally feasible since the District government estimates this education expenditure to be within revenue and expenditure forecasts for 2006-2010. The city administration is known for its soundness and good practices, and debt service is well below the statutory ceiling.²² The debt stock stands at 67.4% of current revenues, which is also below the 80% legal ceiling. Moreover, real revenue growth of 3%, in conjunction with a 5% real cut in expenditure, generated a surplus of roughly 1% of the district GDP in 2004; and the SHD forecasts that this situation will hold over the next 10 years. All of this suggests that the District will have no financial problems in assuming the operation's counterpart expenses and delivering on its commitments. The District will take on recurrent expenditure arising from the new schools (for plant and maintenance) until the National Ministry of Education has made the necessary arrangements in that respect. As for the sustainability of investments in the other program components, particularly for conditional cash transfers and education quality, the impact of these actions will be periodically assessed, so that any decision on continuing and/or expanding them beyond the lifetime of the program will be taken after a cost-effectiveness analysis, and generate technical support to facilitate the search for the respective funding sources.

²¹ SIS, *ibid.*

²² Law 358/97 stipulates that debt service may not exceed 40% of operational saving. This indicator stood at 18.6% in 2005.

D. Environmental impact

- 4.6 The program will finance the construction and equipping of 20 new schools. Based on SED experience in previous new school building programs, no adverse environmental effects are anticipated. Steps will be taken to ensure that the structures comply with technical-environmental specifications both during the construction period and afterwards, and also during the operational phase, particularly in terms of resistance to earthquakes and other natural disasters, and with regard to wastewater and sanitation systems. When the operation was being prepared the SED drew up detailed guidelines for the measures and local standards to be observed to identify and mitigate the environmental and social impacts of the schools' construction. The environmental guidelines so developed, which will be compulsory in implementing the program, cover aspects relating to noise pollution, waste management, signposting, and contingency and monitoring plans, among others. The manual that accompanies these guidelines, which will form part of the works bidding documents, will specify actions and local legislation that contractors must observe to ensure environmental impacts are identified and mitigated. The environmental guidelines and manual will be described in detail in the program's Operating Regulations.

E. Benefits and beneficiaries

- 4.7 The program will generate benefits in terms of performance, equity, and quality. In the performance domain, the program is expected to help achieve the following at the primary education level: (i) higher enrollment rates; (ii) lower dropout rates; and (iii) lower grade failure rates. In terms of equity, the program is expected to contribute to: (i) greater access for the poorest population groups at all education levels, and (ii) higher secondary school completion rates. On the quality side, the program is expected to help: (i) change teachers' pedagogic and instructional practices; (ii) enhance learning environments and the school climate; and (iii) improve learning outcomes, measured by learning achievement test scores.

F. Risks

- 4.8 The program's scheduled four-year implementation period will outlast the present District government, whose term expires in 2008. This situation raises the question of continuity of the program-supported priorities in District education policies. The risk of change on this issue is considered very moderate, however, because the program's aims of increased school system enrollments and retention rates in the poorest population groups are priorities that are widely shared by all sectors, not only in the District but also nationwide. Moreover, the quality-enhancement actions will provide valuable information to inform District policies in the future.

BOGOTA EQUITY IN EDUCATION PROGRAM (CO-L1010)
LOGICAL FRAMEWORK

| NARRATIVE SUMMARY | INDICATORS ¹ | MEANS OF VERIFICATION | ASSUMPTIONS |
|---|--|---|--|
| GOAL | | | |
| <ul style="list-style-type: none"> To support implementation of the District of Bogota's strategy to enhance equity² and quality in preschool, primary, secondary, and postsecondary education. | <ul style="list-style-type: none"> Three years after the end of the program, the gap between average years of schooling among the population in income quintiles 1 and 2 compared to the third-quintile population has narrowed to 0.48 years from 0.73 years in 2003. Three years after the end of the program, the gap between average learning outcomes for students of 5th, 9th, and 11th grades attending schools in strata 1 and 2 zones compared to those located in strata 3 zones has narrowed with respect to the baseline by X%.³ | <ul style="list-style-type: none"> Quality of Life Surveys. Report on SABER and ICFES test results. | <ul style="list-style-type: none"> The District of Bogota maintains its education policy. |
| PURPOSE | | | |
| <ul style="list-style-type: none"> Preschool, primary, secondary, and postsecondary education outcomes in Bogota are more equitable in terms of access, retention, graduation rates, and relevance. | <p>By the end of the program:</p> <ul style="list-style-type: none"> Enrollment of strata 1 and 2 students in boroughs where the program builds new schools has risen from 357,250 to 455,000. Reduction of at least 1% in the dropout rate among students benefiting from the conditional cash transfers program compared to the control group. Postsecondary attendance rate of students who are beneficiaries of the conditional transfers program has increased by at least X%⁴ compared to the control group. The 20 schools⁵ built by the program make organizational improvements⁵ related to the objectives of their Education Plan, as a result of teacher training. | <ul style="list-style-type: none"> District education indicator system. Final evaluation report on conditional cash transfers. Final evaluation report on quality-related factors. | <ul style="list-style-type: none"> The District of Bogota maintains its equity-oriented education policy. |

¹ Indicators will be presented with a gender breakdown wherever possible.

² The targets for the equity indicators will be estimated on the assumption that the respective indicators for the reference group are maintained or improved.

³ The baseline with the respective indicator will be available at the start of program execution based on the results of the 2005 SABER and ICFES tests.

⁴ This indicator will be estimated using information to be provided by the conditional transfers pilot project to be completed in June 2006.

⁵ The organizational criteria (teamwork, leadership, dispute resolution, etc.) to be evaluated qualitatively will be described in the Operating Regulations.

| NARRATIVE SUMMARY | INDICATORS ¹ | MEANS OF VERIFICATION | ASSUMPTIONS |
|--|--|---|---|
| COMPONENTS/OUTPUTS | | | |
| 1. Construction of education infrastructure <ul style="list-style-type: none"> Additional preschool, primary, and secondary school spaces created in poor areas. | <ul style="list-style-type: none"> 20 schools built, equipped, and operating in strata 1 and 2 zones in early 2008, with 61,100 new places created. | <ul style="list-style-type: none"> Program reports and inspection visits. | <ul style="list-style-type: none"> No unforeseen problems arise in the construction process. |
| 2. Higher retention and graduation rates <ul style="list-style-type: none"> Conditional cash transfers program for primary and secondary education implemented. Conditional cash transfers program for postsecondary (technical/technology) education implemented. | <ul style="list-style-type: none"> 62,500 children and young people from SISBEN levels 1 and 2 are receiving cash transfers tied to primary and secondary school attendance (45,000 in 2006, 52,600 in 2007, 17,500 in 2008). 1,400 young people from SISBEN levels 1 and 2 are receiving cash transfers tied to school attendance at the postsecondary level (technical and technological) (684 in 2007, 1,202 in 2008, 1,000 in 2009). | <ul style="list-style-type: none"> Program reports. Final program evaluation report. | |
| 3. Higher quality <ul style="list-style-type: none"> Professional development program for teachers and school administrators implemented. Learning resources adequate and in use. Learning assessments being used as an input for teaching practice, with evaluations available on the comprehensive evaluation model. | <ul style="list-style-type: none"> 2,020 teachers, 101 coordinators, and 20 principals of the 20 schools built by the program are selected according to the defined profile by early 2007. Educational teams (teachers, coordinators, and principal) of the 20 schools receive group contextualized training in early 2007. 200 places created in master's programs and 600 in continuing teacher training programs (200 in 2007, 300 in 2008, 300 in 2009). A library is operating in each of the 20 schools built by the program in early 2008. Books and other reference materials available in schools built by the program on average meet quality standards by the end of 2009. 20 integrated science and technology learning environments operating in the new schools in 2009. System for relating the assessment of learning outcomes to teaching practice designed and validated in 2007. New comprehensive quality evaluation system designed and validated, with pilot evaluation completed by the end of the program. | <ul style="list-style-type: none"> Supervision report on teacher selection. Program reports. Program reports. Final evaluation report on quality-related factors. Program reports. Program reports. | <ul style="list-style-type: none"> Teachers show interest in participating in the selection process. |

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/06

Colombia. Loan ___/OC-CO to the Bogotá Distrito Capital
Bogotá Equity in Education Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Bogotá Distrito Capital, as Borrower, and with the Republic of Colombia, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of the Bogotá equity in education program. Such financing will be for an amount of up to US\$60,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal

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