

# NATIONAL EDUCATION REFORM PROGRAM (THIRD-LEVEL BASIC EDUCATION AND SECONDARY EDUCATION)

(HO-0141)

## EXECUTIVE SUMMARY

<b>Borrower:</b>	Republic of Honduras	
<b>Executing agency:</b>	Secretaría de Educación [Ministry of Education]	
<b>Amount and source:</b>	IDB: (FSO foreign currency)	US\$23.0 million
	Cofinancing:	
	Nordic Development Fund (NDF)	US\$ 6.5 million
	Local:	US\$ 0.1 million
	Total:	US\$29.6 million
<b>Financial terms and conditions:</b>	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	4.5 years (plus six months' financing of audit and final evaluation)
	Interest rate:	1% for first 10 years and 2% thereafter
	Inspection and supervision:	1% of total loan amount
	Credit fee:	0.5% of undisbursed balance
<b>Objectives:</b>	<p>The program's general objective is to improve the educational administration model and increase the coverage of third-level basic education in rural areas.</p> <p>The specific objectives are: (i) to improve the administrative capacity of basic education centers (BECs) through planning at the individual school level; (ii) to expand access to third-level basic education in rural and marginal urban areas and in ethnic communities through the BEC pedagogical model and based on the proposal for curriculum reform; (iii) to enhance children's learning by improving teaching practices and optimizing the use of educational resources; (iv) to strengthen the Education Ministry's policy-making, hiring, technical support, and supervisory capacity; and (v) to assess alternative models for the administration of education at the secondary level.</p>	

- Description:** The program will pursue these objectives through two components.
- 1. Component 1: Reform of third-level basic education in rural areas (US\$25.4 million)**

The objective of building administrative capacity in schools will be achieved through the formulation of school development plans (SDPs) in each school and delivery to each of a flexible package of educational services (FPES) to enable it to attain the objectives established under the plans.

**Formulation of school development plans (SDPs).** The SDP is a plan of action designed by each school with the participation of the school community, based on curricular and policy guidelines established by the Ministry of Education. The SDP has four purposes: (i) to provide a complete picture of the school's needs with regard to teacher training, textbooks and supplies, infrastructure and other investments; (ii) to set basic targets for coverage and internal efficiency that each school will undertake to attain; (iii) to build administrative capacity in the school through the application of a practical school planning exercise and continuous monitoring of the plan; and (iv) to establish specific pedagogical and logistic support activities for the school, to be provided by decentralized offices of the Ministry of Education.

**Financing of a flexible package of educational services (FPES).** Formulation of an SDP will be a condition precedent for a school to receive one of the FPES to be financed by the program. The FPES is a "menu" of cost-effective interventions available to the school, consisting of both services and materials. The package is flexible and can be adapted to the needs identified in each school's SDP. When a school receives an FPES, it agrees to meet the coverage and retention targets established in the SDP, and its progress in doing so will be monitored by the program facilitators and district technical personnel. Progress reports on the attainment of schools' identified targets will be published annually by the Ministry of Education and distributed to all basic education centers.

**Broadening access to the third level of basic education.** Financing will be provided to open 100 new BECs, by adapting existing primary schools. The construction of new BECs will include adding facilities to accommodate the 7th-9th grade module, as well as rehabilitation and upgrading of existing infrastructure for 1st-6th grades. Funding for the new BECs will also cover the cost of equipment and furnishings.

## **2. Component 2: Institution-strengthening for education reform (US\$2.3 million)**

**Implementation of education reform at the basic education level.** The program will fund **institutional strengthening of the Ministry of Education** through support for the Technical Unit for National Education Reform (UTEN). Efforts to strengthen the Ministry's capabilities will focus on: (i) instituting an effective system for planning and monitoring of goods and services delivery; (ii) setting in place an SDP reporting and supervision system to evaluate and disseminate information on the effectiveness of the FPES; this will include the results of standardized achievement tests administered by the Ministry's Education Quality Measurement Unit (UMCE); (iii) building capacity in the area of curriculum reform; (iv) inspection of infrastructure works by the Ministry; and (v) effective monitoring of the quality of teacher training.

This component will include a **social marketing plan** to achieve the following objectives: (i) inform all education-system stakeholders of the program's objectives, activities, methodology, and outcomes; (ii) raise awareness among the population of school-age children and their families about the program in order to foster a demand for it, and (iii) establish social accountability processes at the community level.

**Preparation of secondary education reform.** The process of preparing for secondary education reform will include two activities. The first will be a pilot project in six secondary schools that offer instruction in 7th through 12th grades to test the implementation of the third-level basic education curriculum and more autonomous administrative systems at the school level. Second, financing will be provided for studies and for public information and consensus-building activities as part of the preparations for secondary education reform.

### **The Bank's country and sector strategy:**

The proposed program would pursue the objectives of the Government of Honduras and the Bank's strategy for the education sector. First, the program will operationalize the proposal for increased coverage, quality, and modernization of the administration of the educational system in Honduras called for by the Foro Nacional de Convergencia [National Forum for Convergence] (FONAC) and assigned priority in the government's poverty reduction strategy. Second, the intervention model and planned implementation arrangements are in line with the Bank's sectoral and operational strategies in the education sector, which seek to promote: (i) autonomous administration of schools with community

participation and social accountability, and (ii) the simplest operational and implementation apparatuses that can do the most to transfer institutional learning.

**Environmental and social review:**

The planned infrastructure works are expected to have no adverse effect on the environment. The works to be funded will involve rehabilitation and small-scale construction as part of the process of upgrading existing schools. The guidelines of the Honduran Social Investment Fund (FHIS) for infrastructure rehabilitation and construction will be followed. The environmental education and protection activities currently being carried out at the first two levels of basic education will be extended to the third level and also to secondary education.

**Benefits:**

The program's overall objective is to broaden access to third-level basic education in rural areas and improve the quality of instruction provided in existing basic education centers, to reduce repeater and drop-out rates and make this education level more efficient. At the same time, the program will enhance equity by enabling young people in rural and ethnic communities to stay in school longer, to be able to pursue further studies or enter the job market.

The program's economic efficiency will be borne out by the growth in annual personal income that it is expected to bring about, since each additional year of basic education translates into an average annual increase in income of US\$45. This potential income growth would have a significant impact on the reduction of rural poverty, given that it is equivalent to 10% of the poverty-line income.

In addition, the program will promote efficiency by targeting resources based on minimum enrollment criteria. This will assure that the program is cost-effective and maximize its impact on the beneficiaries.

**Risks:**

One risk factor for this operation is the managerial weakness of the Ministry of Education, which may affect the agency's capacity to execute the program. To mitigate this risk the program will strengthen UTEN, which will focus on the operational aspects of the program and coordinate all international aid programs, transferring institutional capacity in the Ministry. This structure will streamline procedures for executing the program and give the Ministry the opportunity to take the lead in the technical-pedagogical aspects of education reform.

For the program to succeed, it is crucial to ensure smooth transfer and effective use of resources. The design of the direct transfers from the Ministry of Education to individual schools is therefore based on recommendations arising out of the experience of programs such as

the Honduran Community Education Program (PROHECO) and the Family Allowance Program (PRAF). Those programs not only have managed to ensure that transfers reach the targeted activity or beneficiaries but they have also, through the creation of legal associations and delivery of training to them, made for more cohesive communities and heightened community interest and involvement in the schools.

The potential lack of planning expertise in schools, which might hinder some schools from identifying their needs, is another risk, given that the effectiveness and quality of the program's interventions will depend on the efficient development of high-quality SDPs. However, the fact that the contract for this work will be awarded, through competitive bidding, to an institution with experience in participatory school planning will ensure that the assessment process at the school level is of good quality.

Lastly, transfers to the basic education centers will require legislative approval to empower the Ministry of Education to recognize the respective associations as legal entities. However, securing this legislative approval is not expected to pose a problem.

**Special  
contractual  
conditions:**

**The following must be submitted prior to the first disbursement:** (i) evidence that UTEN has been created; (ii) evidence that a firm has been retained for concurrent auditing; (iii) evidence that the loan contract between the Government of Honduras and the Nordic Development Fund (NDF) has entered into force, or evidence from the Honduran government that it has another source of funding acceptable to the Bank; (iv) evidence that a technical-assistance contract has been signed with the Organization of Ibero-American States (OEI); and (v) evidence that a special bank account has been opened for the program. **The following must be submitted as a condition precedent to the first disbursement under subcomponent 1.iii, "Expansion of third-level basic education":** evidence that the FHIS and the Ministry of Education have signed the implementing agreement. **The following must be submitted as a condition precedent to disbursement of subcomponent 1.ii (PFSE):** (i) evidence that legal provisions authorizing the Ministry of Education to accord legal status to the associations or other entities of the BECs and secondary school institutions, their bylaws, and the directive on administration of transfers have entered into force.

It is recommended that, after the contract is signed and the conditions precedent in the General Conditions—except subparagraph (d), Initial report—are fulfilled, and before compliance with the special conditions precedent to the first disbursement, the Bank disburse up to

US\$60,000 from the loan to start off the program activities relating to the special conditions. Up to the equivalent of US\$20,000 of that sum would be earmarked to hire a firm to conduct the program's concurrent evaluation, up to US\$20,000 equivalent to hire a firm for its concurrent audit, and up to US\$20,000 equivalent for fulfillment of the program's special conditions (paragraph 3.38).

**Poverty-targeting and social sector classification:**

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704) (paragraphs 4.17–4.19).

Furthermore, the operation qualifies as a poverty-targeted investment (PTI) (paragraph 4.22). The borrower will not be using the 10 percentage points in additional financing (paragraph 2.27).

**Exceptions to Bank policy:**

Direct contracting of the Organization of Ibero-American States (OEI) (paragraph 3.14) as a specialized agency to advise and support the Ministry of Education in administering the program.

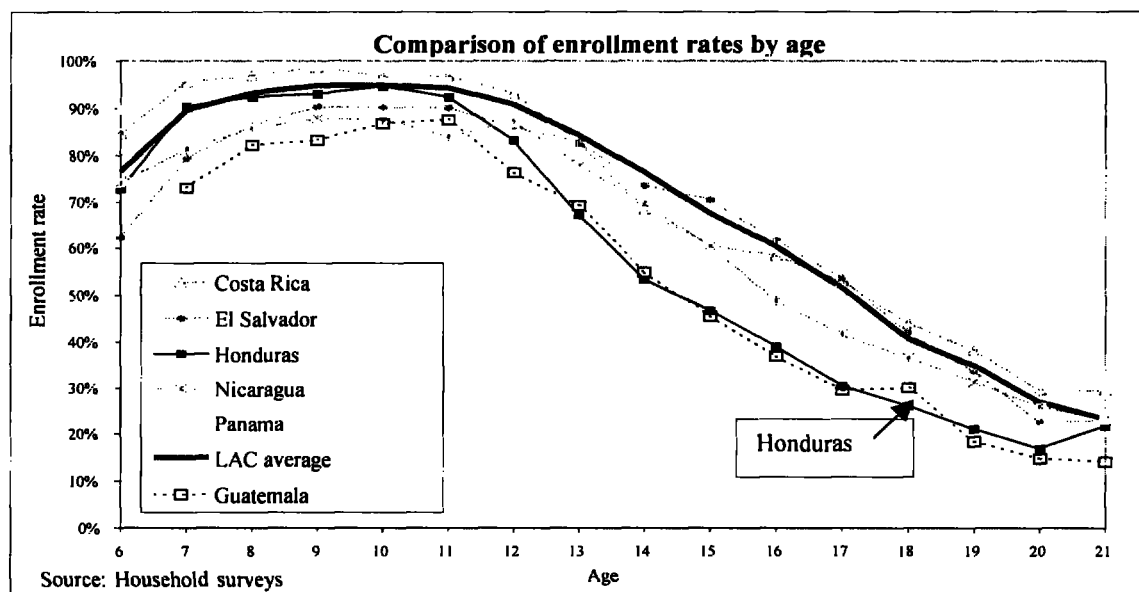
**Procurement:**

International competitive bidding will be required for construction of works worth over US\$1,000,000, procurement of goods and services over US\$250,000, and contracts for consultant services over US\$200,000. For the procurement of goods, works, and consulting services under those thresholds, the simplified procedures indicated in the procurement plan, and set out in Annex D to the loan contract, will be followed.

## I. FRAME OF REFERENCE

### A. Socioeconomic context

- 1.1 Honduras is a country with high rates of poverty and a high concentration of population in rural areas. Gross domestic product (GDP) per capita in Honduras for 1999 was US\$760, which is one of the lowest in Latin America. According to the 1999 household survey, an estimated 65.9% of the population lives below the poverty line.<sup>1</sup> In rural areas, 75% of households fall below the poverty line, while in urban areas the figure is 57%. More than half of rural households live in extreme poverty (60.9%, according to household surveys).<sup>2</sup> Poverty among minority ethnic groups is equally marked since these groups live mainly in rural areas.<sup>3</sup>
- 1.2 Prospects for overcoming poverty are limited owing to lack of access to the upper levels of basic education and post-basic education. Compared with other Central American countries, Honduras ranks among the lowest levels in terms of education. Enrollment rates among the population aged 13 to 18 are the lowest in the region, and young people entering the labor market have only 6 years of schooling on average.



<sup>1</sup> Interim Poverty Reduction Strategy Paper, Honduras, 2000, p. 8.

<sup>2</sup> Ibid., p. 14.

<sup>3</sup> The nine ethnic minority groups in the country (Garífunas, Isleños, Lencas, Miskitos, Tolupans, Chortis, Pechs, Tawahkas, and Nahoas) make up almost 9% of the country's total population. Because there are no reliable figures on poverty or educational attainment among ethnic minority populations, correlations between their socioeconomic status and the figures reported in rural areas must be inferred (Pobreza Étnica en Honduras, IDB, 9/99).

- 1.3 High population growth rates and changing trends in the labor market are exerting pressure on the educational system for the provision of services. The average fertility rate in Honduras is 4.9 children per woman, compared with 2.8 children per woman for the rest of Latin America and the Caribbean. This means that the educational system will be required to increase spending and free up resources, while also improving the efficiency of service. At the same time, the evolution of the labor market reveals that employment generation in the primary sector is diminishing rapidly while the importance of tertiary activities is growing. If the tertiary sector is to drive economic growth, the country needs a labor force with higher educational attainment, on average, than workers have today.

## **B. The education sector**

### **1. Organization and levels of the educational system**

- 1.4 Since 1996 the Ministry of Education has administered and managed the educational system through four deconcentrated levels: (i) the central level, which has primary responsibility for policy formulation, coordination of projects that are national in scope, and planning of human, physical, and financial resources; (ii) 18 departmental directorates, which carry out plans and programs and coordinate academic and administrative activities in each jurisdiction; (iii) 89 district offices, which are responsible for ensuring that the educational institutions in their geographic areas meet educational goals and objectives; and (iv) the educational institutions that are direct suppliers of educational services.
- 1.5 Formal education in Honduras comprises (i) two years of preschool education; (ii) nine years of basic education, divided into three levels, each consisting of three grades; (iii) three years of secondary education; and (iv) higher education. In 1995, with a view to raising the population's level of educational attainment, the Honduran government lengthened compulsory formal education to nine years.<sup>4</sup>

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<sup>4</sup> The former educational system was structured in four levels: preschool (3 years), primary (1-6), secondary (7-12), and higher education. Secondary education was subdivided into two levels: grades 7-9, which followed a common curriculum, and grades 10-12, with a diversified course of study.



1.6 The following table shows key educational statistics:

<b>Table I-1. Educational statistics (1998-1999)</b>					
	<b>National</b>	<b>Urban</b>	<b>Rural</b>	<b>Public</b>	<b>Private</b>
<b>Grades</b>	<b>Enrollment</b>				
1-6	1,067,582	41%	59%	94%	6%
7-9	189,026	90%	10%	47%	53%
10-12	95,419	95%	5%	47%	53%
	<b>Schools</b>				
1-6	8,743	15%	85%	90%	10%
7-12	917	85%	15%	44%	56%
BECs	280		98%	98%	
	<b>Teachers</b>				
1-6	32,519	48%	52%	90%	10%
7-12	14,357	94%	6%	45%	55%
	<b>Coverage (gross rates)</b>				
1-6		99%	130%	84%	
7-9		41%	79%	7%	
10-12		23%	48%	2%	
	<b>Internal efficiency</b>				
		<b>Repeat rate</b>	<b>Promotion rate</b>	<b>Drop-out rate</b>	
1-6		8%	83%	9%	
7-9		10%	74%	16%	
10-12		11%	74%	15%	

1.7 The statistics on enrollment and coverage suggest two important points. First, a rural-urban gap exists in access to the third level of basic education. While rural areas account for 59% of student enrollment in the first two levels, the percentage drops to 10% in the third level. These figures reveal the limited impact that the lengthening of compulsory basic education has had in rural areas. Second, the coverage of the secondary level remains inadequate, even considering that the gross coverage rate for grades 10-12 in urban areas is 48%.

1.8 The location of the schools that offer 1st through 6th grades in rural areas reflects the high degree of population dispersion in those areas. The distribution is radically different in the case of schools offering 7th-12th grades, 85% of which are located in urban areas. This means that in order to achieve a real extension of mandatory third-level basic education in rural areas, new schools must be opened or the third level must be incorporated into schools that currently offer only the first six grades.

## **2. Sector expenditures and financing**

- 1.9 Educational spending has remained relatively high and constant. From 1990 to 1997, spending on education accounted for 4.2% of the GDP and 54.5% of total social spending.<sup>5</sup> The Ministry of Education is responsible for 88.9% of educational spending; of the remaining 11.1%, the Family Allowance Program (PRAF) accounts for 3.3% and the Fondo Hondureño de Inversión Social [Honduran Social Investment Fund] (FHIS), for 7.8%. Current expenditures absorb 98% of the Ministry of Education's spending and, of that amount, virtually 100% is devoted to salaries.
- 1.10 The distribution of the expenditures by subsector reflects the priority that the Honduran government has accorded to the first two levels of basic education, which receive 60.8% of the resources but account for only 34.7% of enrollment. Higher education, meanwhile, receives resources almost in proportion to its enrollment (19.6% of the expenditure and 22.4% of the enrollment). The other two subsectors—pre-primary and the former secondary level (which encompasses the third level of basic education under the current system) and the current secondary level—receive resources that are less than proportional to their enrollment. These subsectors receive 1.2% and 19.5% and serve to 16.7% and 26.2% of the enrollment, respectively.

### **C. The government's strategy**

- 1.11 The Honduran government's political commitment to improving the quality and expanding access to education is reflected in the poverty reduction strategy (PRS) that it is preparing as a condition for Honduras's participation in the Heavily Indebted Poor Countries (HIPC) initiative. The PRS identifies three key problems in the educational sector: (i) inadequate coverage, especially in rural areas and marginal urban areas; (ii) inefficiency in the use of resources; and (iii) low quality of instruction.
- 1.12 A proposal for education reform has already been put forward with a view to addressing these problems and guiding investment in the sector. That proposal was developed jointly by the Honduran government and civil society in the framework of the Foro Nacional de Convergencia [National Forum for Convergence] (FONAC). FONAC, created by the government in 1998 as a forum for dialogue, agreement, and policy development, issued its education reform proposal in June 2000. The process of formulating this document was led by FONAC and the Ministry of Education, with the participation and support of teachers' organizations, business groups, nongovernmental organizations (NGOs), and international donors. The proposal establishes priority goals and actions in the areas already identified in the PRS, advocating cost-effective strategies for expanding educational services,

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<sup>5</sup> Study on expenditures for basic social services. Iniciativa 20/20, September 1999.

increasing efficiency in the use of sector resources through modernization of its administration; and enhancing the quality of instruction through curricular reform, performance assessment, and training of human resources.

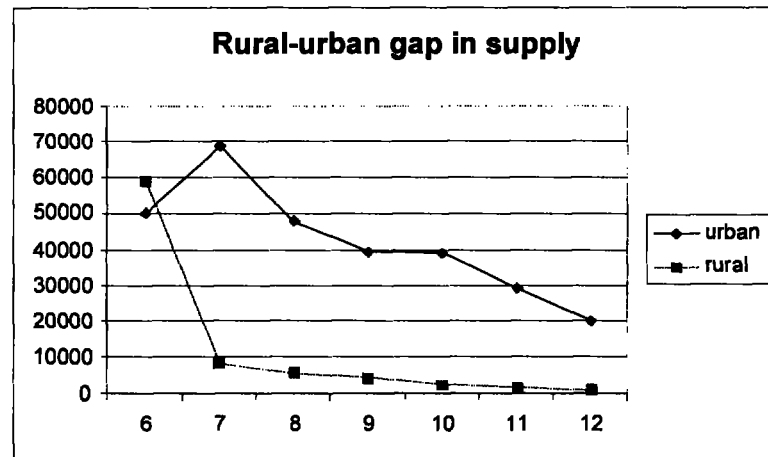
- 1.13 The Ministry of Education is in the process of creating the Technical Unit for National Education Reform (UTEN), which will oversee the education reform initiative. UTEN will be part of the Ministry and will have two main functions: (i) to create an administrative nucleus with high capacity to execute all externally financed programs; (ii) to ensure that the institutional capacity built by these programs is assimilated within the Ministry. The latter function will be accomplished through coordination of all the institutional strengthening activities of these programs with the central and decentralized units of the Ministry.

**D. Context for education reform**

- 1.14 The goals of education reform require strategies that will (i) improve the equity of the system by prioritizing investment in areas of low coverage; (ii) increase the quality of instruction by fostering effective administration by educational institutions and the Ministry of Education; and (iii) maintain and enhance the efficiency of investment in the sector.

**1. Equity: Access to the third level of basic education in rural areas**

- 1.15 There is a critical need to address the lack of access to third-level basic education in rural areas by (i) making effective the extension of compulsory basic education from 1st through 9th grades, and (ii) responding to the increase in demand that will result from the expansion of coverage and the improvement of internal efficiency at the first two levels of basic education.
- 1.16 The challenge of extending compulsory formal education in rural areas is enormous, given that the rate of advancement from 6th to 7th grades in these areas is only 12%. This means that every year around 47,000 graduates of 6th grade in rural schools are unable to go on to 7th grade due to lack of access. In 1998, the gross rate of coverage for the third level of basic education in rural areas was 7%, compared to 80% in urban areas, leaving more than 200,000 school-age children without access to this level of studies. The gap is even more marked in areas with high percentages of indigenous population, such as the departments of Lempira, Copán, and Intibuca, where only 5% of students advance from 6th to 7th grade, compared with 25% for rural areas with less indigenous population. These figures reflect generally low levels of educational attainment among ethnic minority populations, which also show high rates of illiteracy.



- 1.17 Expansion of the coverage and improvement of the internal efficiency of the first two levels of basic education have led to gains in the gross coverage rates for 1st through 6th grades, which rose from 78% in 1980 to 87.5% in 1997. This increase has favored rural areas, where enrollment grew by an average of 2.5% annually during the same period, compared to 1.5% in urban areas.
- 1.18 **Basic education centers (BECs).** The Ministry of Education already has a successful and cost-effective initiative to address the challenge of expanding access to extended basic education in the lowest-coverage areas. Since 1997, this initiative has financed the creation of BECs in rural and marginal urban areas. The BECs are schools offering 1st through 6th grades, which are adapted in order to offer the third level of basic education through an innovative instructional model that includes blocks of courses and takes advantage of common instruments and contents. The BECs use three instructors instead of the eleven instructors required for the conventional model, and the school is administered by a single director, which makes it possible to achieve administrative economies of scale. The BECs also take advantage of existing infrastructure resources by adding to primary schools three new classrooms with complementary modules.
- 1.19 BECs are virtually the only source of educational services available in rural areas, and they have shown acceptable levels of retention, promotion, and graduation compared with traditional third-level modalities in urban areas. The available studies indicate that the BEC model has the support of parents, teachers, and school administrators.
- 1.20 Although the Ministry launched the BEC strategy as a pilot experience, rising demand and pressure from communities has led to rapid and spontaneous growth of this modality. In the last three years more than 280 BECs have been created, which has facilitated access to third-level basic education for more than 20,000 students. This expansion has surpassed the Ministry's capacity for monitoring and supervision. The BECs suffer from various deficiencies in the delivery of services: there is a generalized scarcity of books and educational materials, the training of

teachers and administrators is inadequate, and part of the school infrastructure does not meet the quality standards established by the Ministry of Education.<sup>6</sup>

## **2. Quality: Administration of education**

- 1.21 The effort to expand access to third-level basic education in rural areas should include strategies to improve the quality of educational services. Evaluations of academic performance indicate that the quality of instruction throughout the system is poor. The results of standardized tests of Spanish and mathematics among students in 3rd and 6th grades and recent studies on the performance of secondary students show average performance far below 50% on a scale of 100 points.<sup>7</sup> The results underscore the rural-urban gap: students from rural schools consistently performed worse than those from urban areas, and departments with a high percentage of ethnic minority population score even worse.
- 1.22 The poor quality of education is attributable largely to administrative weaknesses at all levels of the educational system. The lack of administrative capacity limits the effectiveness of strategies aimed at improving quality, whether these are "from the top down" (from the Ministry to schools) or "from the bottom up" (from the schools to the Ministry). On the one hand, the Ministry and its deconcentrated offices have difficulties in providing basic services to schools. As the BEC experience has shown, many schools do not have textbooks and materials, training of teachers and administrators is inadequate, infrastructure does not meet minimum standards, and instructional supervision and support mechanisms are very weak. On the other hand, schools have weak administrative structures and lack adequate resources to respond to the demands placed on them.
- 1.23 The process of improving the quality of educational services from the top down, which began in 1996 with managerial reorganization and administrative deconcentration of the Ministry of Education and the creation of departmental and district offices, has had a limited impact on the quality of education. Although this strategy is intended to improve the quality of educational services by strengthening the Ministry's administrative and academic support capabilities, the Ministry remains centralized, and the effort at deconcentration has been limited mainly to administrative functions, to the detriment of pedagogic support functions.
- 1.24 The Ministry of Education in Tegucigalpa is responsible for a wide range of functions, ranging from the establishment of educational standards to the direct

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<sup>6</sup> Surveys reveal that 93% of BEC teachers interviewed do not have books and that more than half of the instructors interviewed are primary teachers who are required to teach several subjects at higher levels for which they do not have proper training.

<sup>7</sup> The sources of these studies are the External Unit for Education Quality Measurement (UMCE) of the National Pedagogic University and the Mathematics Department of the National Autonomous University of Honduras.

provision of services to schools. This has severely hindered its ability to carry out key functions such as compilation of basic information on the system, investment planning, supervision of teacher education and training services, and execution of programs. The bias toward administrative functions has made the 18 departmental directorates mere bureaucratic units that lack the capacity to provide pedagogic support to the centers.

- 1.25 In response of these problems, the Ministry has implemented several strategies aimed at reforming quality "from the bottom up." One example is the Honduran Community Education Program (PROHECO), which was launched in February 1999. In under two years, PROHECO has been successful in providing educational services to the population of the poorest rural communities, utilizing a strategy of school-based administration, with direct participation by parents in the management of educational institutions.

### **3. Efficiency: Preparation for the reform of secondary education**

- 1.26 The lack of investment in secondary education, the pressures of the labor market, and the future increase in demand due to the extension of mandatory school attendance through the third level of basic education will necessitate reforms in order to increase the relevance and quality of secondary education. In a context of scarce resources, models that are cost efficient and of proven effectiveness must be given preference.
- 1.27 While sustained spending on basic education has led to improvements in internal efficiency for the first six grades, the Ministry of Education has not invested in proportion to the growth of enrollment in third-level basic education and secondary education. The number of students completing 6th grade has grown 75% since 1985, thus increasing the number of students that advance to the third level. Meanwhile, from 1990 to 1997, investment in third-level basic education and in secondary education rose, on average, by 2.7% annually, below the annual growth rate of the population aged 14–19 years over the same period (3%).
- 1.28 The Ministry has begun to prepare a proposal for simplification and reform of the supply of secondary education. The proposal is aimed at achieving a service that will (i) articulate the various educational levels and modalities; (ii) develop and apply a new curriculum to replace the current one, which dates back to 1959; (iii) transfer resources to schools in a manner that is transparent and linked to improvements in performance indicators; (iv) facilitate the formulation of plans for investment in key areas such as teacher training and education, development of educational media and materials, and design of systems for assessing learning and teaching methodologies.

**E. Experience of other donors in the country and in the sector**

- 1.29 There are several initiatives under way to address institutional weaknesses of the Ministry of Education, financed by the IDB, the International Bank for Reconstruction and Development (IBRD), bilateral donors (two being USAID and GTZ), and the Honduran government itself. USAID, in particular, is funding a strategic plan for institutional reform in the sector, which includes donor coordination. Consistent with that effort, the Presidential Commission on Modernization of the State, through a technical-cooperation project for public sector reform cofinanced by the Bank and the IBRD, has coordinated several reforms, including automation of the administration of human and budgetary resources and establishment of a computerized information network at the central level. Financing was also provided to put in place the infrastructure for the deconcentrated departmental directorates and district offices of the Ministry of Education. In addition, the Bank, through loan 1000/SF-HO, is supporting the efforts to further deconcentration of the education system and is providing financing for the design and implementation of a new managerial and financing system for the departments. This program seeks to connect the departments through a computer network.
- 1.30 In recent years some progress has been made in specific areas under externally financed programs, using implementation schemes tailored to the Honduran reality. One example is the PRAF, which provides subsidies to families to enable them to keep their children in school. That program is financed with resources from the Bank and is executed by the Office of the President of the Republic. A second example is PROHECO, which seeks to increase the coverage of primary education in rural areas. It is financed with resources from the IBRD Honduras Basic Education Project (PROMEB) and executed by the Ministry of Education. Both programs seek to target financial resources and policy changes to the final beneficiary (the family or the school), and they have both proved to be effective means of strengthening the administrative capacity of rural schools.
- 1.31 The success of these two programs is partly due to the active participation of the school community, which has been achieved through the creation of community educational associations, in the case of PROHECO, and the formation of parents' associations in the case of PRAF. These associations are legally established nonprofit organizations composed of parents and other community leaders whose objective is to improve the administration of educational services.

**F. The Bank's country and sector strategy**

- 1.32 The program is consistent with the objectives of the Government of Honduras and with the Bank's strategy for the education sector. First, the program will operationalize the proposal for increased coverage, quality, and modernization of the administration of the educational system in Honduras called for by FONAC and

prioritized under the government's poverty reduction strategy. Second, the intervention model and plan for execution are in line with the Bank's sectoral and operational strategies in the education sector, which seek to promote (i) autonomous administration of schools with social participation and accountability, and (ii) operational structures and execution mechanisms with maximum potential for transferring institutional learning and minimal complexity.

- 1.33 The country paper establishes a strategy for support to Honduras during the next three years for: (i) planning and implementation of the Master Plan for National Reconstruction and Transformation (PMRTN); (ii) promoting international cooperation for reconstruction finance, by way of the Consultative Group; and (iii) targeting the limited concessional resources available to finance social programs for the neediest segments of the population. The program proposed here responds to the latter objective. In the programming memorandum for its 1999-2001 pipeline the Bank reiterated its support for the preparation of a secondary education program (HO-0141).



## **II. THE PROGRAM, ITS COST, AND ITS FINANCING**

### **A. Objectives of the program**

- 2.1 The program's general objective is to improve the educational administration model and broaden the coverage of third-level basic education in rural areas.
- 2.2 The specific objectives are: (i) to improve the administrative capacity of basic education centers (BECs) through planning at the individual school level; (ii) to broaden access to third-level basic education in rural and marginal urban areas and in ethnic communities through the BEC pedagogical model and based on the proposal for curriculum reform; (iii) to enhance children's learning by improving teaching practices and optimizing the use of educational resources; (iv) to strengthen the policy-making, hiring, technical support, and supervisory capacity of the Ministry of Education; and (v) to assess alternative models for educational administration at the secondary level.

### **B. Structure of the program**

- 2.3 The program will pursue its objectives through two components. The aim of the first component is to improve the educational administration of BECs and broaden access to the third level of basic education in rural areas. The second component will support: (i) educational reform, by strengthening the capacity of the Education Ministry's centralized and deconcentrated agencies to deliver services to schools; and (ii) piloting of administrative systems designed to improve the linkage between the third level of basic education and secondary education.
- 2.4 The following table shows the problems that exist and the strategies proposed for addressing them in the framework of the program.

Principal problems	Strategies to address them	Program components and subcomponents
Lack of self-management capacity limits the ability of the BECs to respond to needs and oversee their own reform processes.	Development of school development plans (SDPs) with direct technical assistance.	Component 1.i.
Lack of textbooks and resources for learning and inadequate teacher training affect the quality of education offered by the BECs.	Financing for the flexible package of educational services (FPES).	Component 1.ii.
Inadequate availability of third-level of basic education in rural areas limits access to this level for graduates of 6th grade in those areas.	Expansion of access to third-level basic education through the BEC model.	Component 1.iii.
Weaknesses in the Ministry of Education for normative functions, information dissemination, hiring, and technical support limits the impact of its interventions and programs in schools.	Strengthening of the Ministry's capacities for hiring, evaluation, and disseminating the results of its interventions. Articulation and strengthening of administrative and pedagogical quality support services in the departments and districts.	Subcomponent 2.a.
Lack of experience with reform and insufficient information to guide the reform of secondary education.	Preparation of the reform of secondary education: pilot reform and preparatory studies.	Subcomponent 2.b.

## 1. Component 1: Reform of third-level basic education (US\$25.4 million)

- 2.5 The objective of building administrative capacity in schools will be achieved through the formulation of school development plans (SDPs)<sup>8</sup> by each school and the provision to each of a flexible package of educational services (FPES) to enable it to attain the objectives established under its plan.

### (i) Formulation of school development plans (SDPs) (US\$1.7 million)

- 2.6 The SDP is a plan of action designed by each school with the participation of the school community, based on the curricular and normative guidelines established by the Ministry of Education. The SDP has four purposes: (i) to provide a complete picture of the school's needs with regard to teacher training, texts and materials, infrastructure and other investments; (ii) to set basic targets for coverage and internal efficiency which each school would undertake to attain; (iii) to build administrative capacity in the school through the application of a practical academic planning exercise and ongoing monitoring of that plan; and (iv) to establish specific pedagogical and logistic support activities for the school to be provided by the deconcentrated offices of the Ministry of Education.

<sup>8</sup> SDPs are part of the reform proposal that the Ministry of Education presented to FONAC in May 2000.

- 2.7 The program will support approximately 380 BECs in the preparation of their development plans through financing for direct, multidisciplinary technical assistance to the schools. This number includes the 280 existing BECs, as well as 100 new BECs to be established with financing from the program.
- 2.8 The SDPs will be formulated by the educational community, which includes representatives of parents, students, teachers, and the BEC administrator. The educational community will be assisted in developing the plan by facilitators from the program with experience in educational planning. The technical assistance provided will ensure quality and expediency in the development of the SDPs, as well as ongoing support for their implementation.
- 2.9 The technical assistance for formulation of the SDPs will include the following activities:
- a. Development of the operational guidelines for the formulation of the SDPs based on the curricular guidelines and plans of study established by the Ministry of Education. These guidelines will delineate the participatory methodology for formulating the SDPs, identify the participants in the process, and establish the timetable for the formulation of the plan.
  - b. Training of a multidisciplinary team of facilitators in the participatory methodology for SDP formulation and identification of the investments needed by the schools in order to carry out the SDPs, ensuring the participation of all concerned parties, including women and leaders of ethnic minority communities.
  - c. On-site development of the SDPs. Financing will be provided for travel expenses, per diem allowances, printed materials, and the costs of organizing participatory events at the schools.
  - d. Development of questionnaires and forms for monitoring the SDPs. These instruments will include quantitative and qualitative information in the following areas: (i) description and evaluation of participatory processes at the level of the educational community; (ii) progress with regard to investments included in SDPs; and (iii) progress in attaining the goals for educational improvement identified by the community.
  - e. Development of a plan of work and investment for the deconcentrated supervisory offices of the Ministry of Education to enable them to acquire the capacity to follow up on SDPs and assist in the development of future plans. Financing will be provided for technical assistance and training for the relevant personnel of the departmental directorates and district offices of the Ministry.

**(ii) Financing of the Flexible Package of Educational Services (FPES) (US\$13.5 million)**

- 2.10 Formulation of an SDP will be a condition precedent for a school to receive one of the flexible package of educational services (FPES) to be financed by the program. The FPES is a “menu” of cost-effective interventions available to the school, consisting of both services and materials. The package is flexible and can be adapted to the needs identified under each school’s development plan. When a school receives an FPES, it agrees to meet the coverage and retention targets established under its SDP, and its progress in doing so will be monitored by the program facilitators and district technical personnel. Progress reports on the attainment of the targets identified by the schools will be published annually by the Ministry of Education and distributed to all basic education centers.
- 2.11 The FPES will offer schools the opportunity for investment in the following areas, among others: (i) in-service teacher training; (ii) training of school administrators; (iii) rehabilitation and construction of infrastructure; (iv) textbooks and teaching guides for teachers and students; and (v) financial transfers for the purchase of teaching materials, maintenance and organizational activities, and outreach activities to the school community, such as training in the administration and liquidation of funds.
- 2.12 In-service training will be offered to all teachers in BECs (approximately 1,900) in accordance with the training plan identified in the school development plan. The training plans will be offered in short modules in order to minimize teachers’ absence from the classroom. The areas in which training will be financed by the program will include: (i) updating teacher knowledge in the four basic subject areas and/or (ii) teaching techniques. The training will include activities to reinforce, monitor, and evaluate the teacher in the classroom.
- 2.13 Approximately 500 school administrators and 1,000 teachers in BECs will receive training in school planning and administration, key activities for the implementation, evaluation, and fine-tuning of their school development plans. The FPES will provide modular training in school administration and organization, assessment and research into the school’s needs, pedagogic leadership, and community development.
- 2.14 This subcomponent will include financing for the reproduction and distribution of 546,000 textbooks in the four core subject areas: natural sciences, social studies, mathematics, and language. In addition, approximately 78,000 volumes will be purchased using program funds, for reference libraries for BEC teachers. Financing will also be provided for the design, printing, and distribution of 2,300 instructor guides and 100,000 student guides. In order to connect the BECs with the educational satellite broadcasting network in the region (EDUSAT network), the purchase of approximately 380 satellite dishes and 1,000 television sets and VCRs

will be financed. In addition, in view of the remote location of some BECs, the installation of solar panels in 190 of those centers will be financed in order to provide them with a suitable source of power.

- 2.15 The Ministry of Education will transfer funds directly to the BEC to pay for purchases of teaching materials, educational technology, minor maintenance of facilities and furnishings, and educational community development activities. Part of the transfer may be used for a performance bonus for BEC teachers and principals who have achieved annual targets set out in the SDP, according to criteria defined in the Transfer Directive (see Table 3.2 – Special disbursement conditions). The total amount transferred to a school will be calculated on the basis of the number of sections in that center. The transfers will benefit approximately 35,000 students. The school will use the transfer to address the needs identified in its SDP, in accordance with a directive that establishes eligible categories and auditing and reporting mechanisms.

**(iii) Broadening access to third-cycle basic education  
(US\$10.2 million)**

- 2.16 Financing will be provided to permit the opening of 100 new BECs through the adaptation of existing primary schools. The construction of new BECs will include the addition of facilities to accommodate 7th-9th grades, as well as rehabilitation and upgrading of existing infrastructure for 1st-6th grades. The financing for the new BECs will also cover the cost of equipment and furnishings. The construction of the new BECs will follow an architectural prototype developed by the Ministry of Education and agreed with the Honduran Social Investment Fund (FHIS). The costs include prefeasibility studies for the construction works, supervision, and training for the community in school maintenance. In addition, this subcomponent will include financing for technical assistance to strengthen the Ministry's capacity for inspection of works, which will be done in conjunction with the FHIS.

**2. Component 2. Institution-strengthening for education reform  
(US\$2.3 million)**

**(i) Subcomponent 2a. Implementation of basic education reform  
(US\$1.6 million)**

**a. Institutional strengthening of the Ministry of Education  
(US\$1.2 million)**

- 2.17 This subcomponent will support the Technical Unit for National Education Reform (UTEN) through financing for technical assistance, training, and furnishings and equipment to ensure the implementation of the education reforms proposed for pre-primary education and the three levels of basic education. These reform processes will be supported by the financing from the International Development Association

(IDA) and the Bank. The IDA financing will cover the pre-primary level and the first two levels of basic education and the Bank financing will cover the third level of basic education. Both institutions will support the strengthening of the Ministry of Education through UTEN.

- 2.18 Efforts to strengthen the Ministry's capabilities will focus on developing: (i) an effective system for planning and monitoring the supply of goods and services, integrated with a Management Information System; (ii) an SDP information and supervision system that will serve to evaluate and disseminate information on the effectiveness of the FPES, including outcomes of standardized achievement tests administered by the Ministry's Education Quality Measurement Unit (UMCE); (iii) capacity in the area of curriculum reform; (iv) inspection of infrastructure works by the Ministry; and (v) effective monitoring of the quality of teacher training.
- 2.19 Financing will also be provided for technical assistance, training of trainers, equipment, and study trips in order to strengthen to the Instituto Nacional de Investigación y Capacitación Educativo [National Institute for Research and Training in Education] (INICE) in its role of standard-setting and assessment, monitoring, and improvement of training programs for teachers and administrators. INICE is a technical-educational institution affiliated with the Ministry of Education which is devoted to research and in-service training of teachers at the various levels of the educational system.

**b. Social marketing and communication(US\$0.4 million)**

- 2.20 This subcomponent will include a social marketing plan aimed at achieving the following objectives: (i) informing all education system stakeholders of the objectives, activities, methodology, and results of the program; (ii) raising awareness among the population of school-age children and their families about the program in order to promote demand for its services, with a special emphasis on the female population and ethnic groups; and (iii) establishing social accountability processes at the community level.
- 2.21 A variety of activities will be financed, including: (i) publicity via the mass media, including radio programs, newspapers, and magazines; and (ii) dissemination of information through mass events such as assemblies, communities forums, and training workshops and seminars.
- 2.22 These activities will be conducted at three levels: (i) the local and municipal level, including mayors, municipal councils, service entities, and other community groups; (ii) the departmental and district level, including staff and managers of these deconcentrated levels, in order to ensure the dissemination of implementation mechanisms; and (iii) the national level, including government agencies, universities, and professional and trade associations.

**(ii) Subcomponent 2b. Preparation for secondary education reform  
(US\$0.7 million)**

- 2.23 The process of preparing for the reform of secondary education will include two activities. The first will be a pilot project in six secondary schools that offer instruction in 7th through 12th grades to implement, on a trial basis, the curriculum for third-level basic education and administrative systems characterized by more autonomy at the school level. Second, financing will be provided for studies and for public information and consensus-building activities related to the preparatory stage of secondary school reform. Among the studies to be produced are: (i) a study of the supply of secondary and technical-vocational education; (ii) a tracer study of graduates; (iii) a framework reform paper; and (iv) formulation of curriculum guidelines.
- 2.24 The pilot project will adopt the same operational model and requirements devised for the BECs based on the formulation of school development plans and the provision of flexible packages of educational services (FPES). A package similar to that available to the BECs will be financed and will include the provision of textbooks, teaching resources, and training for teachers and administrators. As with the BECs, development of a school development plan will be a condition precedent for schools to access an FPES. The pilot project will provide financing for minor maintenance but will not cover major investments in rehabilitation or construction of infrastructure.
- 2.25 The evaluation of the pilot project will include: (i) analysis of the effectiveness of implementation of the third-level curriculum through an assessment of the contents of that curriculum and of instructional practices; (ii) analysis of cost-efficiency through comparison of drop-out and repeat rates; and (iii) evaluation of participation mechanisms through surveys of those involved and qualitative studies of processes. The evaluation will also include a comparison with control groups.

### C. Cost and financing of the program

2.26 Table 2.1 gives a breakdown of costs and financing by source and cost category.

**Table 2.1 Table of costs**

	<b>IDB</b>	<b>NDF</b>	<b>GOH</b>	<b>Total</b>
<b>1. Reform of third-level basic education in rural areas</b>	<b>18.9</b>	<b>6.5</b>		<b>25.4</b>
i. Formulation of school development plans (SDPs)	1.7			1.7
ii. Financing for flexible package of educational services (FPES)	7.0	6.5		13.5
iii. Expansion of access to third-level basic education in rural areas	10.2			10.2
<b>2. Institution-strengthening for education reform</b>	<b>2.3</b>			<b>2.3</b>
2.a. Implementation of basic education reform	1.6			1.6
2.a.1. Institutional strengthening of the Ministry of Education	1.2			1.2
2.a.2. Social marketing	0.4			0.4
2.b. Preparation of secondary education reform	0.7			0.7
<b>3. Evaluation and auditing</b>	<b>1.1</b>			<b>1.1</b>
Concurrent evaluation	0.1			0.1
Auditing	0.2			0.2
Project administration	0.8			0.8
<b>4. Financing charges</b>	<b>0.7</b>		<b>0.1</b>	<b>0.8</b>
Interest	0.5			0.5
Inspection and supervision*	0.2			0.2
Credit fee	0.0		0.1	0.1
<b>Total</b>	<b>23.0</b>	<b>6.5</b>	<b>0.1</b>	<b>29.6</b>
<b>Percentage</b>	<b>78%</b>	<b>22%</b>	<b>0%</b>	<b>100%</b>

\* The exact inspection and supervision charge is US\$230,000.

2.27 The total cost is estimated at US\$29.6 million, as shown in Table 2.1, distributed as follows: (i) US\$23 million from the Bank through the Fund for Special Operations (FSO); (ii) SDR 5 million (equivalent to approximately US\$6.5 million) from Nordic Development Fund cofinancing to the Honduran government; and (iii) US\$100,000 from the Government of Honduras. All the NDF financing may be considered local counterpart funding. The terms and conditions for the Bank's loan and the NDF financing are set out below.



**Table 2.2 Loan terms and conditions**

<b>Source of financing</b>	<b>Fund for Special Operations (FSO)</b>	<b>Nordic Development Fund (NDF) *</b>
Currency	FSO foreign currencies	SDR
Conditions:		
Amortization	40 years	40 years
Grace period	10 years	10 years
Disbursement period	4.5 years (plus 6 months to finance audit and final evaluation)	4.5 years
Interest rate	1% for first 10 years, 2% thereafter	0%
Inspection and supervision	1% of total loan amount	0.75%
Credit fee	0.5% of undisbursed balance	0.5%

\*These are indicative terms, representing standard NDF funding terms.

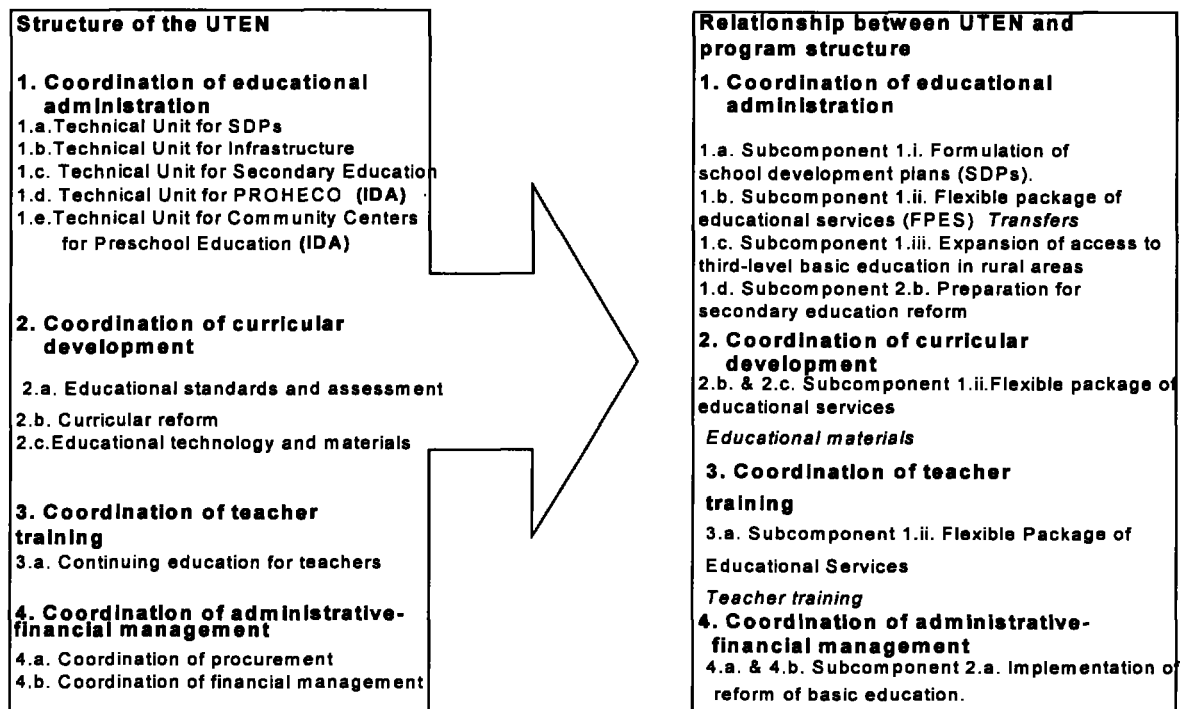
### III. INSTITUTIONAL FRAMEWORK AND EXECUTION OF THE PROGRAM

#### A. Borrower and executing agency

- 3.1 The borrower will be the Republic of Honduras. The executing agency will be the Ministry of Education, with support from the Honduran Social Investment Fund (FHIS) for the execution of infrastructure works.

#### B. Program administration

- 3.2 Coordination of the program and its components and activities will take place within the framework of the new Technical Unit for National Education Reform (UTEN). This unit, to be created within the Ministry of Education, will coordinate the curriculum development, teacher training, and educational administration strategies. UTEN will have an Office for the Coordination of Administrative and Financial Management, which will be responsible for executing the resources from the financing provided by the Bank and the International Development Association (IDA) in separate and complementary operations, in accordance with the rules and procedures of each financing institution. The following diagram shows the structure of UTEN:



- 3.3 The Ministry of Education, through UTEN, will have responsibility for the following activities: (i) coordinating the execution of the program; (ii) arranging for the hiring of providers of training; (iii) establishing the annual work plans (AWPs) and the specific activities to be carried out under those plans; (iv) supervising matters related to the technical assistance for the SDPs and FPES; (v) coordinating the implementation of the preparatory activities for the reform of secondary education; and (vi) receiving international technical assistance during the execution of the program in the areas of procurement, disbursements, and all technical aspects of program management and implementation.
- 3.4 In addition, UTEN, as the unit in charge of the program's financial administration, will perform the following activities: (i) contract for technical assistance; (ii) supervise the process of bidding and awarding of contracts; (iii) prepare and administer the program's budget; (iv) monitor compliance with the loan-contract conditions; and (v) submit all reports required by the Bank, including annual program monitoring reports, financial statements—which are to be audited quarterly—and semiannual reports on the status of the revolving fund.
- 3.5 UTEN will be created as the operational unit for implementing education reform policies, and any new programs with international financing that support the Ministry of Education will therefore come under the unit's responsibility. The various offices within UTEN will be organized around the operational components of the reform.
- 3.6 The **Office for Coordination of Educational Administration** will be responsible for promoting activities related to decentralized administration of schools. This function encompasses the formulation of SDPs both for the basic education centers and for the Honduran Community Education Program (PROHECO) modality of basic education (financed by the IDA). This office will also execute the transfers to the centers, the pilot projects on reform of secondary education, and the activities aimed at expanding access to the third level of basic education in rural areas.
- 3.7 The **Office for Coordination of Curricular Development** will have the following functions: (i) development of the basic curricular guidelines for the system and their adaptation; (ii) establishment of standards for the education reform process and the evaluation thereof; (iii) establishment of the curricular linkages between basic education and the reform of secondary education; (iv) evaluation and monitoring of educational materials and technologies.
- 3.8 The **Office for Coordination of Teacher Education and Training** will develop policies and guidelines for in-service training of teachers, standardization of training for empirically trained teachers (for the IDA program), and evaluation and monitoring of the training imparted and its impact in the classroom.

- 3.9 The **Office for Coordination of Administrative-Financial Management** of UTEN will include a technical expert in procurement and an accountant with specific responsibilities for management of the program proposed here, as well as a technical expert in procurement and an additional accountant for the management of the IDA credit. These experts will be required to have verified experience in managing loans financed by international agencies. Because the program will be managed in a decentralized and participatory manner, this office will be responsible not only for procurement at the central level, but also for making transfers to the departmental, district, and school levels, in accordance with the self-management powers of each of these levels. In addition, this office will provide technical assistance and support, when necessary, to the decentralized entities on standards and processes for purchasing, disbursements, accounting, and liquidation. Consolidated accounting of all transfers to each level of the educational system will be done at the central level for the controls, reports, and audits required by the Bank and the Ministry of Finance.
- 3.10 UTEN will have an executive director, four area coordinators, nine technical coordinators, and four administrative officers. Funding for the general coordination office and the area managers will be shared between the two operations, while the funding for the coordinators and administrative officers will come from the financing allotted specifically to the various components of each program. Financing will also be provided for the hiring of experts to serve as executive director, coordinator of educational administration, and coordinators of the following areas: Technical Unit for SDPs and Consejos de Desarrollo Educativo Local [Local Education Development Councils] (CODELs), Technical Unit for Infrastructure, Technical Unit for Secondary Education, Technical Unit for Educational Standards and Assessment, Technical Unit for Educational Technology and Materials, and Technical Unit for Continuing Education of Teachers. Financing will also be provided for an accountant, an administrative officer, and a procurement expert specifically for this program.

**C. Other entities involved in program execution**

- 3.11 The Honduran Social Investment Fund (FHIS) will execute the infrastructure activities under the program. The relationship between the program and the FHIS will be established by means of an agreement for program execution.
- 3.12 The inclusion of the FHIS as a participant stems from the government's decision to designate the FHIS as the entity responsible for contracting and supervising the construction of all school infrastructure under the framework agreement to that effect signed between the Ministry of Education and the FHIS. Moreover, the FHIS has (i) a high degree of capacity for the execution of the types of civil works to be financed with resources from the program; (ii) ample experience in the construction and rehabilitation of school infrastructure in isolated and remote areas; and

(iii) construction and environmental quality standards developed in accordance with the guidelines for projects financed by the Bank.

- 3.13 The Ministry of Education has requested the Bank's approval for the Organization of Ibero-American States (OEI) to provide technical direct assistance for the financial and operational administration of the program, with the amount of assistance decreasing over the life of the operation. Accordingly, the OEI will support UTEN directly through technical assistance to enable the latter to internalize the processes of contracting for technical assistance, developing bidding documents and awarding contracts, establishing accounting and administrative systems to the satisfaction of the Bank, complying with the conditions established in the loan contract, and submitting the reports required by the Bank.
- 3.14 The OEI has recognized capacity and experience both in administering and executing Bank-funded projects and in the education area.<sup>9</sup> Its solid track record is evidenced by the education programs it has executed in Latin America. Among these are high-quality regional technical assistance in such fields as (i) educational quality and equity assessments, (ii) school development, (iii) educational organization and administration, and (iv) education for employment. Among its offerings, the OEI is currently providing administrative and management services to education ministries in Argentina, Chile, Colombia, the Dominican Republic, Honduras, Mexico, Nicaragua, and Spain.<sup>10</sup>

#### **D. Program execution**

- 3.15 The following paragraphs describe the main features of the execution mechanisms and eligibility criteria for the various program activities.
- 3.16 **Formulation of school development plans (SDPs):** A contract will be awarded through international competitive bidding for an integrated package of technical assistance for the formulation and implementation of the SDPs in the schools and deconcentrated offices of the Ministry of Education. Bids will be accepted only from institutions of recognized prestige with experience in the development and implementation of strategic plans for educational centers. This experience should include the application of participatory methodologies, the development of materials, and the training necessary to formulate the SDPs. By hiring an institution of proven international experience it will be possible to transfer knowledge

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<sup>9</sup> The Organization of Ibero-American States for Education, Science and Culture (OEI) is an international governmental organization for cooperation among Ibero-American countries. Created in 1949, it is based in Madrid, Spain, with regional offices in Argentina, Colombia, Peru, Mexico, and El Salvador.

<sup>10</sup> Since 1996 the OEI has been administering and executing Honduras's Literacy and Basic Education Program for Youth and Adults, funded by the Junta de Extremadura (Spain) and the Spanish Agency for International Cooperation (AECI).

regarding the implementation of the SDPs to the deconcentrated offices (departmental directorates and district offices) through a long-term relationship.

- 3.17 SDPs will be formulated only once in each basic education center during the life of the program, but there will be annual review and planning exercises in order to determine how investments will be used in those centers. The advisory services to be provided will not be limited to formulation of the SDPs in the centers and deconcentrated offices of the Ministry of Education, but will also include technical assistance to the Ministry and its deconcentrated offices to enable them to internalize this process.
- 3.18 **Transfers to centers:** Monies will be transferred in accordance with a directive setting out criteria for financing eligibility under the program and the auditing and reporting mechanisms the schools will be required to maintain. The educational community—represented by parents' associations, student government bodies, and teachers' councils—will be responsible for maintaining accounting records in keeping with Bank procedures for all procurements made with transfer funds in accordance with the operating procedures for the program. To qualify for transfers, the BECs and secondary schools must have their SDPs approved and set up, for each school, associations or other entities with recognized legal status.
- 3.19 **Targeting of school infrastructure:** The opening of the new BECs will be carried out in accordance with technical and targeting criteria. Although the new BECs will be located in rural areas, financing will also be provided for a maximum of 15 centers in marginal urban areas and a maximum of 5 in ethnic minority areas. The minimum eligibility criteria for an existing primary school to be converted to a basic education center are: (i) the school must offer the first two levels of basic education (up to 6th grade); (ii) it must have a minimum of 20 graduates from sixth grade and a minimum of 15 students preregistered in seventh grade; (iii) it must serve a population that does not have access to another BEC or secondary institution; and (iv) it must have adequate land to accommodate the expansion of the school. In addition, to maximize demand, the investments will be targeted in areas with low rates of student advancement to seventh grade and in areas where the new BECs will consolidate the enrollment of small schools, such as the PROHECO schools.
- 3.20 **Training of teachers and administrators:** Training services for teachers and administrators of BECs will be provided by various suppliers, to which contracts will be awarded based on competitive bidding. To compete for these contracts, suppliers must meet the following minimum criteria: (i) demonstrated institutional experience in delivering in-service courses for school administrators and teachers; (ii) personnel qualified in teaching and in teaching techniques in mathematics, language, natural sciences, and social sciences for grades 7-9; (iii) personnel trained in monitoring and administration of training courses; and (iv) have a stock of programs and textbooks that can be adapted to the needs of the program. The

courses should be structured in modules equivalent to higher education credits recognized by the supplying institution.

- 3.21 The training will be conducted in a regional center located relatively close to the BECs and may be offered for teachers and administrators from several BECs at the same time. Nevertheless, the suppliers will be expected to provide additional assistance to each individual BEC as follow-up to the training received in the classroom. This reinforcement training will be carried out at least every two weeks during the two consecutive months following the main training course. In addition to this reinforcement assistance, there will be bimonthly follow-ups during the six months following the reinforcement activities.
- 3.22 **Books, instructor guides, and libraries:** A market survey will be done to assess the textbooks currently available in Spanish for grades 7-9 in rural areas, and suitable textbook packages and libraries will be designed. Teacher and student guides will be among the items to be financed by the Bank.
- 3.23 The NDF will finance outlays for textbooks and libraries to ensure that (i) schools have durable, good-quality textbooks and supplies for which there currently are no Honduran providers, and (ii) the number of textbooks and libraries the program needs are available and distributed on time. The NDF financing is considered parallel cofinancing—i.e., it is included within the program but is administered by the NDF in accordance with its own rules for procurement and bidding. This means that at least 80% of the NDF-funded goods must be supplied by a company registered in a Nordic country (Denmark, Finland, Iceland, Norway, or Sweden) and a majority interest in the company must be held by nationals of those countries. Invitations to bid will be distributed to all eligible suppliers that express interest to the borrower through its executing agency, as well as to the consulates and embassies of all the Nordic countries in Honduras. The NDF will also distribute calls for bids to the Nordic export councils and other interested parties in the Nordic countries.
- 3.24 **Preparation of secondary education reform:** The pilot projects will be carried out in six schools, three offering a general course of study and three technical schools. Since all categories of FPES will be executed at a pilot school by way of transfers to those institutions, the transfers will be governed by special provisions in the transfer directive approved by the Ministry of Education. Infrastructure will not be an eligible category.
- 3.25 **Criteria for selection of schools for secondary education pilot projects:** The schools selected for the pilot projects must have the following characteristics: (i) **type of secondary education offered:** two that offer basic secondary education only, two that offer basic-level technical education only, and two that offer basic technical education combined with a full secondary diploma program; (ii) **geographic areas:** two rural schools, two urban schools, and two schools

located in marginal urban areas; and, for the *technical schools*: (iii) potential for linkage with the job market (e.g. agricultural production, *maquiladoras*, businesses, local production, etc.).

**E. Procurement of goods and construction and consulting contracts**

- 3.26 International competitive bidding will be required for construction of works valued at over US\$1,000,000, procurement of goods and services worth over US\$250,000, and consulting contracts over US\$200,000. For the procurement of goods, works, and consultant services below those thresholds, the simplified procedures indicated in the procurement plan and set out in Annex D to the loan contract will be followed. That annex authorizes direct contracting of goods and services worth less than US\$250 using funds transferred to the BECs and the secondary institutes. This approach is warranted because of the scarcity of providers and of communication media in rural areas.

**F. Revolving fund**

- 3.27 In keeping with the Bank's current policy, a revolving fund arrangement will be used. The fund will be limited to 5% of the total amount of the loan.

**G. Retroactive recognition of expenditures and financing**

- 3.28 No expenditures will be retroactively recognized or reimbursed from local counterpart or program funds.

**H. Disbursements**

- 3.29 The disbursement period for the financing will be four and a half years, except for the funds for auditing and concurrent evaluation, for which the disbursement period will be extended an additional six months. Both periods are counted from the effective date of the loan contract.
- 3.30 Both the Bank funds and the government counterpart funds will be deposited into a special account to be administered by the Secretariat of State for Finance, which will transfer the funds to the Ministry of Education for execution. Payments will be made by the Ministry of Education for the procurement of goods and services. The cumulative amounts for expenditures or investments shown in the periodic accounting reports will reflect solely and exclusively eligible expenses previously agreed with the Bank. The Ministry, through UTEN, will retain in its files the originals and/or copies of all contracts, orders, invoices, receipts, payment vouchers, suppliers' certificates and any other documentation necessary to corroborate the information provided in the reports submitted to the Bank. The documentation must be duly identified and filed and must be provided to authorized officials of the IDB and external auditors for examination upon request.



- 3.31 The Country Office will conduct ex ante technical and financial inspections to examine supporting documents. When submitting disbursement requests, the borrower will be required to also submit invoices, payments vouchers, and, where applicable, suppliers' certificates. If the amount of individual expenditures is less than the equivalent of US\$1,000, the borrower may submit only a list of expenditures, in which case, at the discretion of the Country Office, a minimum of 15% of the corresponding invoices and vouchers will be reviewed in the offices of the borrower. If errors are detected, a larger percentage of the documentation will be reviewed, at the discretion of the staff of the Country Office.
- 3.32 The timetable for disbursements under the program will be as follows:

**Table 3.1 Disbursement timetable**

Source	Year 1	Year 2	Year 3	Year 4	Total
IDB	1.3	10.2	8.8	2.7	23.0
NDF	0.2	1.5	2.9	2.0	6.6
Local	0.0	0.1	0.0	0.0	0.1
Total	1.5	11.8	11.7	4.7	27.7

**I. Accounting and concurrent external auditing**

- 3.33 The program provides for concurrent auditing of the financial statements of the program in addition to the audit of the annual financial statements. To that end, UTEN will establish and maintain accurate accounts and records, which will be verified quarterly and at the end of each fiscal year by an independent accounting firm satisfactory to the Bank. The educational communities at the local level, with supervision from the central office, will also maintain records that accurately reflect the resources and expenditures related to program execution. Financial reports are to be submitted every three months throughout the execution period, while the audited financial statements will be submitted annually in accordance with the General Conditions of the loan contract. The audits will be paid for out of the loan.

**J. Concurrent evaluation**

- 3.34 The program provides for an evaluation to be conducted concurrent to its execution, utilizing the indicators set out in the logical framework for the operation. The evaluation will focus, inter alia, on: (i) the formulation of the SDPs; (ii) the implementation of the transfers to the BECs; (iii) the development of teaching guides, textbooks, libraries, etc; (iv) the quality of the training activities and verification of the training follow-ups in the classroom; (v) the degree of progress and quality of the physical infrastructure works and their impact on the environment; and (vi) the secondary education reform activities. Three evaluation reports will be submitted: (i) one at the end of the first year of program execution;

- (ii) the second when 50% of the program resources have been disbursed; and
- (iii) the third when 75% of the resources have been disbursed.

**K. Annual and midterm reviews**

- 3.35 During program execution, the Ministry of Education and the IDB will conduct joint annual reviews to assess the impact and performance of the program and agree on any necessary adjustments. In the annual review, special attention will be given to (i) the recommendations emanating from the concurrent evaluation, (ii) the review and approval of the annual work plans (AWPs), and (iii) the counterpart resources available for the following year, among other elements. The supervision team will be composed of the project team and the consultants who carry out the concurrent evaluation.
- 3.36 UTEN will prepare annual reports based on the main objectives and monitoring indicators agreed to and included in the logical framework for the program. These reports, in turn, will form the basis for the annual review of the program. When 50% of the program resources have been disbursed a review mission will be carried out to evaluate the program's midterm impact. The cost of the mission will be covered out of program funds. The report on the concurrent evaluation will be the main source of information for this review.

**L. Bank supervision**

- 3.37 The Bank will supervise the progress and execution of the program through its Country Office in Tegucigalpa (COF/CHO) and annual technical monitoring missions, which the project team will conduct in order to review the progress of the program and achievement of the goals.

## M. Special disbursement conditions

**Table 3.2 Special conditions**

<b>Condition</b>	<b>Deadline for compliance</b>	<b>Means of verification</b>
Evidence that UTEN has been created	Prior to first disbursement	Executive order
Awarding of contract for concurrent auditing for the first quarter of the program	Prior to first disbursement	Signed contract
Evidence that loan contract between Government of Honduras and NDF has entered into force or the government's demonstration that it has another source of funding acceptable to the Bank	Prior to first disbursement	Signed contract, ratified with NDF, or Bank assent to alternative funding sources
Evidence that the contract for technical assistance between OEI and Ministry of Education has been signed	Prior to first disbursement	Signed agreement
Evidence that a special bank account for the program has been opened	Prior to first disbursement	Record of account opening, issued by the bank
Evidence that legal provisions authorizing the Ministry of Education to recognize the legal status of associations or other entities of BECs and secondary institutions, their bylaws, and the directive for administration of transfers are in effect.	Prior to first disbursement of funds for transfers under subcomponent 1.ii	Legislative decree authorizing the Ministry to accord legal status. Transfer Directive approved by the Ministry
Agreement for program execution signed between FHIS and Ministry of Education	Prior to first disbursement of subcomponent 1.iii. funds	Signed agreement

## N. Disbursement for program start-up

- 3.38 It is recommended that, after the contract has been signed and the conditions precedent set out in the General Conditions—except subparagraph (d), Initial report—have been fulfilled, but before the special conditions precedent to the first disbursement have been met, the Bank disburse up to US\$60,000 of the loan proceeds for program start-up activities associated with compliance with those special conditions. Up to US\$20,000 equivalent of that sum would be used to engage a firm for the concurrent evaluation, up to US\$20,000 to hire a firm for concurrent auditing of the program, and up to US\$20,000 equivalent for activities to fulfill the program's special conditions.

#### **IV. FEASIBILITY AND RISKS**

##### **A. Technical feasibility**

- 4.1 The program will benefit from the three-year experience of applying the basic education center (BEC) model for basic education delivery. A normative framework is now in place for the administrative and pedagogic organization and architectural design proposed under the program. In addition, the design of this program reflects the results of several studies financed through technical-cooperation from the Norwegian Fund, the independent evaluations of a sample of existing BECs, and information from program 1000/SF/HO.
- 4.2 The Norwegian Fund for Innovation in Social Programs (NFISP) financed technical assistance (ATN/NS-7019-HO) for an analysis of possible innovations in third-level basic and secondary education in areas such as curricular reform, teacher training, and strengthening of the managerial skills of administrators. Further, a survey of 100 BECs—one third of all the BECs—financed with post-Mitch reconstruction funds yielded detailed, up-to-date statistical data that made it possible to analyze the current situation and identify the needs of the existing BECs. All the departments were represented in this survey, including those in the most remote areas of the country.
- 4.3 After an analysis of the studies and surveys of the BECs and identification of the current and future challenges, a service delivery model was designed for the program which provides for the use of school development plans (SDPs) and the flexible packages of educational services (FPES) in order to efficiently target interventions at the school level that will address the critical needs of each school. This resulted in the identification of possible priority interventions such as acquisition of teaching resources, training of teachers for the new educational model, training of administrators, and rehabilitation and construction of infrastructure.
- 4.4 In order to ensure the quality and effectiveness of the each school's SDP, the program will provide for the hiring of an institution with experience in developing and implement strategic plans for educational centers. In addition to producing a specific plan of investments for each participating school, the SDP formulation exercise will strengthen technical capacity for the assessment and identification of needs at the level of both schools and the Ministry of Education, which will contribute to the technical viability of future interventions.
- 4.5 In light of the importance of the SDPs as a tool for assuring the quality of the program interventions, concurrent evaluations will be undertaken to verify the quality of the process and identify any needed adjustments. In addition, the program

provides for investments to ensure that the services of the suppliers address the specific needs of the BECs through the delivery of services under the FPES.

**B. Socioeconomic feasibility**

- 4.6 The program's general objective is to broaden access to third-level basic education in rural areas and improve the quality of the instruction provided by existing BECs, reducing repeat and drop-out rates and enhancing the effectiveness of this level of the educational system. At the same time, the program will promote equity by fostering a higher level of educational attainment among rural and ethnic population groups and better preparing students to pursue further studies or enter the job market.
- 4.7 The program's economic effectiveness will be born out by the growth in annual individual income that it is expected to bring about, since each additional year of basic education translates into an average annual increase in income of US\$45. This potential income growth would have a significant impact on the reduction of rural poverty, given that it is equivalent to 10% of the poverty-line income.
- 4.8 In addition, the program will promote efficiency by targeting resources based on minimum enrollment criteria, which will assure that the program is cost-effective and that its impact on the beneficiaries is maximized. The program seeks to benefit at least the students currently enrolled in BECs—approximately 20,000 students—plus an additional student population of 15,000 enrolled in 7th-9th grades. Ultimately, the program will benefit all students who enroll in the future.
- 4.9 The program will also indirectly benefit the student population in the first two levels of the primary schools that undergo adaptation, since the administrators will receive training in management and, where needed, existing facilities will be rehabilitated.

**C. Institutional feasibility**

- 4.10 The program is designed to address the institutional weaknesses of the Ministry of Education. The design of the model under which the Ministry will contract for suppliers of external services for the delivery of the FPES grew out of the success of other programs, such as the Family Allowance Program (PRAF) and the Honduran Community Education Program (PROHECO). Similarly, direct transfers to the schools for the procurement of materials will assure smooth and efficient delivery of resources to the intervention unit. Contracting for technical assistance for the Technical Unit for the Reform of National Education (UTEN) in the financial administration of the program will help expedite contracting and bidding processes, thus strengthening program execution.
- 4.11 The program seeks to promote continual improvement in the delivery of services by suppliers and in the supervisory services of the Ministry of Education. Ongoing

supervision and monitoring will make it possible to assure quality in the provision of services. In the event that the services rendered do not meet the requirements of the program, the Ministry of Education will be entitled to terminate the contract with the suppliers.

- 4.12 Furthermore, the program will promote the systemic investment for institutional strengthening since it seeks to strengthen institutional and administrative capacity at the school, district, departmental, and central levels of the Ministry of Education. This strategy of strengthening institutions from the bottom up is based on current experiences that demonstrate that it is feasible to strengthen the Ministry through measures that are directly related to reforms at the school level.
- 4.13 The community associations to be created under the program will receive training to enable them to participate in the formulation of the SDPs and support the effort to strengthen the functions of the school. The district offices and departmental directorates will also participate in a process of formulating SDPs in order to reinforce their skills and thus improve and increase the resources available to them to fulfill their responsibilities. Hence, the program will contribute to the achievement of the Ministry's objective of deconcentrating its functions.

#### **D. Financial feasibility**

- 4.14 Spending on education in Honduras has been relatively high and sustained, accounting for 4.2% of the GDP, 18% of the total budget, and 55% of total social spending from 1990 to 1998. The funding required for this program is a priority for the Honduran government. The program is consistent with the government's political commitment to improve the quality of and broaden access to basic education in rural areas, which has been established as a condition for Honduras's participation in the Heavily Indebted Poor Countries (HIPC) initiative. The program will also support the Ministry of Education in its efforts to expand access to the third level of basic education, a political commitment that was created with the extension of compulsory education to include this level.
- 4.15 The Ministry has adopted the BEC model as a strategy for extending the basic education level because it is cost-efficient. Adding three grades to an existing primary school will yield economies of scale both in terms of administration and infrastructure, facilitating the expansion of coverage at lower cost. A study of the fiscal impact of the extension of basic education estimates that this model will save 20% of the cost of organizing and constructing a new school to provide only the third level of basic education.
- 4.16 Recurrent expenditures under the program will be minimal, which will further contribute to its feasibility. The majority of the program resources will be devoted to investment costs and will benefit the BECs already organized and financed by the Ministry of Education. The Ministry will take responsibility for paying the

additional salaries associated with the creation of the 100 new BECs envisaged by this program. In the last five years, the Ministry has hired more than 800 primary-level teachers per year, which is indicative of its capacity to cover the additional salaries related to this program. Moreover, those salaries will represent only 1% of the Ministry's total wage bill.

**E. Social, environmental, and sectoral impact**

- 4.17 **Social impact.** The program is expected to have high social impact since it will expand access to the third level of basic education in rural areas, while at the same time improving the internal efficiency and quality of educational services. The increase in quality is expected to contribute to an increase in the productivity and income level of the country's rural population. The social benefits will be further amplified as the program will focus on rural and ethnic areas that are characterized by high rates of poverty, and it will target resources directly through the opening of up to five BECs in communities with high percentages of indigenous population. The program is also expected to have a cascade effect, since the BECs will be located strategically so as to provide access not only to the target population of the adapted primary school but also to students in multigrade schools located nearby. The program will thus complement the efforts of other programs such as PROHECO and PRAF that encourage rural young people to stay in school.
- 4.18 Based on the current gender distribution of the school population and on projections of the demand for enrollment in the BECs, the expansion of the coverage of the third level of basic education will benefit female students in particular. A survey of one third of the BECs indicates that 60% of the student body in these centers is female.
- 4.19 Finally, the process of formulating the SDPs will reinforce the community's ties with the schools, since it will include the active participation of associations of parents and community leaders, with special emphasis on the participation of women and ethnic minority leaders. The participatory processes not only will contribute to the formation of social capital but will also contribute to the program's sustainability by strengthening the involvement of those who will be directly affected by it.
- 4.20 **Environmental impact.** The infrastructure works are not expected to have any adverse effect on the environment. The works to be financed will involve rehabilitation and small-scale construction as part of the process of upgrading existing schools. The guidelines of the Fondo Hondureño de Inversión Social [Honduran Social Investment Fund] (FHIS) for rehabilitation and construction of infrastructure will be followed. Environmental impact assessment will be part of the ex ante analysis of projects and is included in the FHIS program cycle. In addition, the environmental education and protection activities currently being carried out at the first two levels of basic education will be extended to the third level and also to

secondary education. Examination of environmental impact will also be included as a specific element in the annual and midterm reviews (paragraphs 3.35 and 3.36).

- 4.21 **Sectoral impact.** In addition to applying a cost-efficient model for the delivery of educational services, the program will generate sectoral benefits by introducing a new mechanism of direct intervention at the school level. This will be achieved through the SDP, which will target interventions directly to the school, assuring that the education reform sought reaches the classroom directly. Moreover, both the SDP and the FPES will allow comprehensive intervention at the school level, multiplying the overall impact of the investments. Finally, the linkages between schools and the Ministry of Education will be reinforced through the departmental directorates and district offices, leading to institutional strengthening of the educational system from the bottom up.

**F. Poverty-targeting and social sector classification**

- 4.22 The project specifies explicit performance indicators to measure poverty reduction and social equity enhancement (see Annex I). The PTI classification is automatically justified.

**G. Risks**

- 4.23 One risk factor for this operation is the managerial weakness of the Ministry of Education, which may affect the agency's capacity to execute the program. The program will mitigate this risk by strengthening UTEN, which will specialize in the operational aspects of the program and will coordinate all international aid programs, transferring institutional capacity in the Ministry. This structure will streamline the procedures for executing the program and will give the Ministry the opportunity to take the lead in carrying out the technical-pedagogical aspects of the education reform. The program will also bolster the Ministry through technical assistance to enhance the capacity of its permanent units to perform critical functions, provided they also improve their ability to address the needs of schools.
- 4.24 The program will place special emphasis on the involvement of schools and parents, school boards, administrators, and teachers in channeling the resources devoted to the purchase of teaching materials and supplies, infrastructure maintenance, and other purposes. For the program to succeed, it is crucial to ensure smooth transfer and effective use of these resources. The design of the direct transfers from the Ministry of Education to individual schools is therefore based on recommendations arising out of the experience of programs such as PROHECO and PRAF. These programs not only have managed to ensure that transfers are, in fact, used for their intended purpose, but they have also, through the creation of legal associations and the provision of training to them, promoted greater cohesiveness in the community and heightened interest and participation in the schools. In addition,



clear and detailed procedures for carrying out the transfers will be established under the program.

- 4.25 The potential lack of planning skills and abilities, which might hinder some schools from identifying their needs, is another risk, given that the effectiveness and quality of the program's interventions will depend on the efficient formulation of high-quality SDPs. However, the fact that this task will be contracted out, by means of competitive bidding, to an institution with proven experience in participatory school planning will ensure a quality assessment process at the school level. The concurrent evaluation of the process of formulating the SDPs and supplying the FPES will ensure that the process can be reoriented if it is found to be unsatisfactory.
- 4.26 Finally, the transfers to the BECs will require legislative approval to empower the Ministry of Education to recognize the respective associations as legal entities. Obtaining this legislative approval is not expected to be a problem, however.

# **NATIONAL EDUCATION REFORM PROGRAM (THIRD-LEVEL BASIC EDUCATION AND SECONDARY EDUCATION)** **LOGICAL FRAMEWORK**

OBJECTIVE SUMMARY	IMPACT INDICATORS (At the end of the execution period)	MEANS OF VERIFICATION	KEY ASSUMPTIONS
			<b>SUSTAINABILITY</b>
For more equitable access and better of education available to the rural on.			
<b>OBJECTIVE</b>			
improve educational administration and increase coverage of third- level basic education in rural areas.	1.1 Gross enrollment in third-level basic education in rural areas increased by 50%.* 1.2 Promotion rate for 6th grade increased from 65% to 90%.* 1.3 Dropout rate for third level in rural areas reduced from 16% to 8%.* 1.4. 380 SDPs formulated.*	1. Ministry of Education, Statistics Unit  2. Assessment of academic performance of BECs  3. Evaluation report on SDPs	
<b>COMPONENTS</b>			
Form of third-level basic education in rural areas			
<b>Component 1.1</b> Formulate school educational plans (SDPs) in rural areas	1.1.1 380 school educational plans (280 SDPs in existing BECs and 100 in new BECs) formulated. 1.1.2 2,520 facilitators, 6,720 supervisors, and 810 departmental personnel trained.	1. Copies of SDPs formulated. 2. Training reports 3. Annual evaluation reports 4. Report on SDP planning activities	<b>COMPONENTS TO PURSUE</b>  1. Teachers' association supports the process of SDP formulation. 2. Support is forthcoming from parents and the educational community.

These three indicators will be adjusted and updated at the project status workshop, and will include figures on ethnic origin and gender.

COMPONENT SUMMARY	IMPACT INDICATORS (At the end of the execution period)	MEANS OF VERIFICATION	KEY ASSUMPTIONS
	1.1.3. Questionnaires and forms for monitoring the SDPs developed. 1.1.4. Plan of work and investment prepared for the decentralized supervisory offices of the Ministry of Education. 1.1.5 Academic achievement tests administered in all 380 BECs.	5. Copy of the work plan  6. Report on academic achievement tests	
<b>Component 1.2</b>			
Package of educational services and delivered to BECs	1.2.1. In-service training of 1,900 teachers  1.2.2. 1,000 teachers and 500 administrators trained in courses on school planning and administration. 1.2.3. 546,000 school textbooks in the four core subject areas purchased and distributed. 1.2.4. 78,000 volumes for teachers' libraries reproduced and distributed. 1.2.5. 2,300 teacher guides and 100,000 student guides prepared and distributed. 1.2.6. 35,000 students have benefited from financial transfers to each school for the purchase of teaching materials, educational technology, minor maintenance of facilities and furnishings, and activities for development of the educational community.	1. Survey of satisfaction among community members, parents' associations, students, etc. 2. Teacher and administrator training records  3. Receipts	1. Parents' associations survive and participate in the process.  2. There are enough teachers in rural schools.  3. Community organizations, parents' associations provide and support school maintenance.
<b>Component 1.3</b>			
Up to third-level basic education	1.3.1. 100 new BECs built and equipped in accordance with eligibility and targeting criteria.	1. Reports on evaluation and inspection of infrastructure works.	1. Ministry of Education has new teachers for the new BECs.

BRIEF SUMMARY	IMPACT INDICATORS (At the end of the execution period)	MEANS OF VERIFICATION	KEY ASSUMPTIONS
	1.3.2 Architectural and design prototype developed by Ministry of Education and agreed to by FHIS.	2. Operational plan for investment planning  3. Prototype designs approved.	2. FHIS and other suppliers supply goods and services on the dates, in the manner and at the cost agreed.
Institutional strengthening for the reform of education			
Component 2.a Implementation of the reform of basic education			
Ministry of Education strengthened institutionally	2.1.1 Planning and monitoring system for the supply of goods and services installed and operating as part of a management information system. 2.1.2. SDP supervision and information system disseminating information on the effectiveness of the FPES.	1. Investment plan for the development of a management information system  2. Monitoring and evaluation reports of the Ministry of Education on sector reform activities	1. Teachers' associations support the project strategy.  2. The education policy is maintained.
	2.1.3. Technical and managerial personnel of INICE trained. 2.1.4 80 INICE trainers trained.	3. Evaluation reports on the teacher training and education system  4. Ministry of Education reports on inspection of infrastructure works	3. Parents facilitate their children's participation in school.  4. Ministry of Finance increase the number of teacher positions.
Social marketing carried out	2.2.1. Social marketing plan developed.  2.2.2. 12 public meetings held, 2,000 bulletins, 3,600 press releases, and 40,000 publications printed and distributed to publicize the program.	1. Surveys of opinion and impact of the dissemination of information on the program	

BRIEF SUMMARY	IMPACT INDICATORS (At the end of the execution period)	MEANS OF VERIFICATION	KEY ASSUMPTIONS
Component 2.b Initiative for reform of secondary education	2.2.1. Pilot program under way in 6 secondary institutions offering grades 7-12. 2.2.2. Two studies undertaken in preparation for the reform of secondary education (a study of supply and a tracer study). 2.2.3. FPES provided to all technical schools and secondary schools in the pilot programs.	1. Evaluation report on the pilot program 2. Copy of consultants' studies 3. Receipt of FPES vouchers	1. Civil society continues to support educational reform

### PROCUREMENT PLAN

Principal procurement items	Financing	Procurement method (US\$000)	Prequal	SPN
<b>Program execution</b>				
<b>Technical Assistance – US\$2.1 million</b> Development of SDPs Social marketing	100% IDB  Consulting services	ICB over US\$200 LCB US\$100—US\$199 LB under US\$100	No	I/01 to I/04
<b>Teaching materials – US\$2.2 million</b> Books, libraries, instructor guides	65% NDF 35% IDB	Books and libraries: Following NDF rules Instructor guides: ICB over US\$250 LCB US\$150—US\$249 LB under US\$150	N/A	N/A
<b>Transfers– US\$4.5 million</b> Procurement of goods and services using funds transferred to schools	100% IDB	LB US\$1—US\$100 SH US\$0.25—US\$0.99 DP under US\$0.25	No	II/01 to I/04
<b>Services – US\$3.8 million</b> Training of teachers Training of school administrators Training of facilitators	100% IDB Consulting services	ICB over US\$200 LCB US\$100—US\$199 LB under US\$100	Yes	I/01 to I/04
<b>Equipment– US\$4.9 million</b> Equipment (computers, printers, solar panels, satellite dishes, TVs)	100% NDF	Following NDF rules	No	I/01 to I/04
<b>Infrastructure – US\$10.2 million</b> BEC civil works to adapt and/or add to classrooms	100% IDB  Construction work	ICB over US\$1,000 LCB US\$250—US\$999 LB under US\$250	Yes	I/01 to I/04
<b>Program administration</b>				
<b>Short- and long-term consultancies– US\$1.1 million</b> Creation of UTEN Hiring of purchasing agent	100% IDB Consulting services	ICB over US\$200 LCB US\$100—US\$199 LB under US\$100	No	N/A

DP direct purchase  
ICB international competitive bidding  
LB limited bidding  
LCB local competitive bidding  
SH shopping  
SPN Special Procurement Notice  
II-01 second half of 2001  
I -04 first half of 2004

RGII-HO221P  
HO-0141  
Original: Spanish  
Appendix I

PROPOSED RESOLUTION

HONDURAS. LOAN \_\_\_\_/SF-HO TO THE REPUBLICA DE HONDURAS  
Program of Transformation of National Education  
(Third Cycle of Basic Education and Secondary Education)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de Honduras, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Program of Transformation of National Education (Third Cycle of Basic Education and Secondary Education). Such financing will be for the amount of up to US\$23,000,000, or its equivalent in other currencies, except that of Honduras, which are part of the resources of the Bank's Fund for Special Operations, and will be subject to the "Special Contractual Conditions" and the "Financial Terms and Conditions" of the Executive Summary of the Loan Proposal.