

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

GUATEMALA

PROGRAM TO SUPPORT THE EXPANSION OF SECONDARY EDUCATION

(GU-L1184)

LOAN PROPOSAL

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ABBREVIATIONS

DIPLAN	Dirección de Planificación Educativa [Department of Educational Planning of Guatemala]
ERS	Educational records system
IAS	Integrated accounting system
IBE	Intercultural bilingual education
ICB	International competitive bidding
IFMS	Integrated financial management system
LSE	Lower secondary education
MINEDUC	Ministry of Education
NCB	National competitive bidding
PADEP	Programa Académico de Desarrollo Profesional Docente [Academic Program for Professional Teacher Development]
PMR	Program monitoring report
SDGs	Sustainable development goals
USE	Upper secondary education

PROJECT SUMMARY

GUATEMALA PROGRAM TO SUPPORT THE EXPANSION OF SECONDARY EDUCATION (GU-L1184)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Republic of Guatemala			Amortization period:	23.67 years
Executing agency:			Disbursement period:	5 years
Ministry of Education (MINEDUC)			Grace period:	6.67 years ^(b)
Source	Amount (US\$)	%	Interest rate:	SOFR-based
			Credit fee:	^(c)
IDB (Ordinary Capital):	100,000,000	100	Inspection and supervision fee:	^(c)
Local:	0	0	Weighted average life:	15.25 years
Total:	100,000,000	100	Approval currency:	U.S. dollar
Project at a Glance				
Project objective/description: The general objective of the program is to increase the number of young people who continue their studies and complete quality secondary education programs (lower secondary education and upper secondary education). The specific objectives are to: (i) increase coverage; (ii) improve physical learning environments; (iii) improve the use of educational resources and learning technology; and (iv) improve the competencies of in-service teachers.				
Special contractual conditions precedent to the first disbursement of the financing: (i) The executing agency has approved the program Operations Manual on the terms previously agreed upon with the Bank; (ii) the executing agency has appointed at least the following personnel within its Department of Educational Planning (DIPLAN) for program execution: a coordinator, a procurement specialist, a financial management specialist, and a monitoring specialist (these specialists will have suitable profiles agreed upon between the executing agency and the Bank); (iii) personnel of executing agency offices have been designated to participate in program execution as focal points; and (iv) the fiduciary conditions established in Annex III, Fiduciary Agreements and Requirements, have been met (paragraph 3.4).				
Special contractual conditions for execution: (i) The executing agency has at least one education infrastructure specialist and two education technology specialists to support preparation of the bidding documents, supervision of installation, and deployment for procurements of solar panels and for procurements of the technology solutions planned under Activities A and C, for the procurement process in question; (ii) every six months and in conjunction with the semiannual progress reports, the executing agency will submit to the Bank a list of the beneficiary schools to be targeted over the following six months (Activity A); and (iii) see the other special fiduciary contractual conditions for execution described in item 6 of Annex III, Fiduciary Agreements and Requirements (paragraph 3.5).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes: ^(e)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <input type="checkbox"/>	

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 Guatemala has enjoyed stable growth and was one of the economies that slowed down the least during the COVID-19 pandemic. Economic growth has remained at around 3.5% annual (1996-2021), above the average of 2.4% for Latin America and the Caribbean.^[1] In 2020, the economy contracted 1.5% (compared to 5.1% for Latin America and the Caribbean), mainly due to the contraction of the global economy and the public health measures implemented to contain COVID-19. That economic contraction was mitigated by social programs and an increase in the flow of remittances.
- 1.2 Nonetheless, poverty rates have remained high. Between 2006 and 2014, the country's poverty rate fell from 11.2% to 8.8%, a smaller decline than the one estimated for Latin America and the Caribbean, which dropped from 8% to 4%.^[2] Moreover, Guatemala's social spending is one of the lowest in the region at 7.9% compared to 11.3% on average for Latin America and the Caribbean in 2019.^[3] Guatemala exhibits significant lags in the Human Development Index. In 2019, the country was ranked 135th out of 191 nations in terms of its human development,^[4] which is the third lowest in Latin America and the Caribbean (above only Honduras and Haiti). The pandemic weakened Guatemala's Human Development Index, reducing it by 5% for 2021 due to a decline in life expectancy and educational attainment.^[5]
- 1.3 One of the main problems with the Guatemalan education system¹ is the elevated school failure rate² at the secondary level, comprising lower secondary education (LSE) and upper secondary education (USE). In 2021, 36% of public school students failed or dropped out of secondary education (compared to 14% for primary education).^[6] Grade 10 reports the highest school failure rates (44%).^[7] Dropout rates are highest among Indigenous adolescents in rural areas (83.4%)^[8] and are even more elevated in Mayan linguistic communities, where they exceed 90%.^[9] This means that, on average, Guatemalans over age 15 have only had 6.2 years of schooling,^[10] the second lowest level in the region (higher than only Haiti),^[11] which adversely affects student learning outcomes. According to the learning assessment conducted by Guatemala's Educational Research and Assessment Department in 2019, just 13.5% and 16.0% of students in the third year of LSE met the criteria for proficiency in math and reading, respectively. Educational attainment is even lower among Indigenous populations, particularly for adolescents ([optional link 5](#)). This limits their opportunities for workforce integration and social inclusion, adversely affecting their ability to earn higher incomes in the future, since the return on education is higher at higher levels of education.^[12]
- 1.4 The determinants of school failure are: (i) the high cost of education for families; (ii) the prevalence of substandard physical learning environments; (iii) a lack of the

¹ The education system in Guatemala encompasses early childhood education (0- to 3-year-olds); preschool (4- to 6-year-olds), primary education (grades 1 to 6), and secondary education, which is divided into three years of LSE (grades 7 to 9) and two to three years of USE (grades 10 to 12). Education is compulsory from early childhood education until completion of LSE.

² The Ministry of Education (MINEDUC) defines the "school failure" rate as the total number of dropouts and students who do not advance to the following grade divided by the total number of enrolled students.

- educational resources necessary for student learning processes; and (iv) the low level of competency among secondary education teachers and their use of outdated methods.[\[13\]](#) [\[14\]](#) [\[15\]](#) [\[16\]](#)
- 1.5 The high cost of secondary education is driven by the scant supply of public education. MINEDUC is not the main provider of education services, as it serves just 37.6% of all students enrolled (44.9% in the case of LSE and 23.9% in the case of USE). The rest are served by other providers, such as private or municipal schools. MINEDUC has 3,249 schools for LSE (out of a total of 8,424) and 680 for USE (out of a total of 4,972).[\[17\]](#) Consequently, there are not enough spots for students. In the case of LSE, there is an estimated shortfall of 130,000 openings.³ As for USE, comparing available sections for the first year of USE at the department level with the number of students enrolled in third year of LSE indicates a shortfall of approximately 56,000 spots for 10th grade⁴ (for two-year USE tracks, there is a shortage of at least 112,000 spots). This calculation does not even factor in those young people not in school who passed the third year of LSE in previous years but did not enroll in USE.
- 1.6 Based on the above, Guatemala has low rates of secondary education coverage. The country has made headway with school enrollment, particularly at the primary level, with net coverage of 93.7% in 2020,⁵ the highest rate reported in the last 10 years (it stood at 90% in 2012). Significant strides have also been made in preprimary education in the last decade, with coverage expanding from 45.3% in 2012 to 60.8% in 2020 (an increase of 15.4 percentage points). However, for LSE, the coverage rate increased just 5.5 percentage points, from 43.7% in 2012 to 49.2% in 2020, while the USE coverage rate increased just 2 percentage points, from 24.4% in 2012 to 26.4% in 2020.[\[18\]](#) With respect to gaps, the overall secondary education coverage rate for urban areas is 62.4%, compared to just 33.7% for rural areas.[\[19\]](#)
- 1.7 Additional spots for students are needed not only due to the shortfall in supply with respect to demand but also due to overcrowding, which means that expansion is necessary to improve physical learning environments. In all, 19.1% of secondary schools have at least one classroom with more than 40 students per section.⁶ Barrett et al. (2019) indicate that low density of classroom occupancy is a factor that helps improve student performance.
- 1.8 The problem of secondary education coverage is more severe among the Indigenous population.⁷ The coverage rate for nonindigenous men is 86.2% for LSE and 48.9% for USE, compared to 54.9% and 23.2%, respectively, for Indigenous men. Similarly, for nonindigenous women, coverage rates are 84.6% for LSE and

³ Program aimed at improving the quality of LSE (2020). *Tercer informe anual de éxito escolar del ciclo básico*. MINEDUC. Calculated based on students who completed grade 6 and the theoretical availability of student openings at a school no more than 10 km away.

⁴ Authors' calculations based on data from the Educational Records System (ERS).

⁵ For the purposes of this document, coverage rates are calculated based on population projections from the Population and Housing Census 2018 using data from MINEDUC.

⁶ Authors' calculations based on information from the ERS.

⁷ The Indigenous population accounts for 43.6% of the country's total population and is concentrated in rural areas. National Institute of Statistics of Guatemala (2018).

53.2% for USE, compared to 44% for LSE and just 20.5% for USE in the case of Indigenous women. Gaps within ethnic groups are even more pronounced in certain Mayan linguistic communities depending on whether they are in urban or rural areas. For example, LSE coverage rates are the lowest for adolescent Akatek and Chuj girls in rural areas (12.6% in both cases). Meanwhile, coverage rates among Indigenous Awakatek and Sipakapense adolescents in urban areas stand at 97.7% and 97.1%, respectively.^[20] Guatemala has extensive experience opening schools to increase coverage for preprimary education: thanks to the installation of approximately 1,000 modular classroom units as of 2022, the country expanded coverage to accommodate an estimated 30,000⁸ new students. Guatemala can tap this experience to expand secondary education coverage as well.

- 1.9 The conditions of physical learning environments at the secondary level also present a challenge. The most recent school infrastructure census is from 15 years ago, so there is a lack of up-to-date information on the state of repair of school infrastructure. MINEDUC's infrastructure module only has data on 64.6% of its secondary schools. That information indicates that 8.4% of secondary schools have at least one classroom that fits one of the following profiles: informal classroom in use (walls made of corrugated metal, wood, cardboard, or nylon; roof made of corrugated metal or nylon or no roofing at all); classroom not available for use due to lack of roofing; classroom not available for use due to lack of windows, a door, or flooring; classroom not available for use for other reasons; or classroom not available for use due to hazardous conditions (uninhabitable). No data is available on formal classrooms in use that need repairs, which means that this percentage is most certainly higher than calculated. A survey of public LSE teachers found that 31.4% of respondents considered school facilities to be in fair condition, while 6.6% said they were in poor condition. This would mean that approximately 1,275 schools (32% of the total) require repairs.^[21]
- 1.10 Investing in school infrastructure does not just help expand supply but also supports retention and better learning outcomes. For example, Barrett et al. (2019)^[22] indicate that having enough schools in close proximity shortens the amount of time it takes for students to travel from home to school, thus reducing absenteeism and improving academic performance. Branham (2004)^[23] concludes that infrastructure quality has a significant impact on school attendance and dropout rates. In addition, Durán-Narucki (2008)^[24] illustrates the relationship between poor school infrastructure and academic performance. According to that study, when school facilities were run down, students attended fewer days on average and, therefore, achieved lower scores on standardized tests in reading and math. Neilson and Zimmerman (2014)^[25] found that building schools increases reading scores by 0.15 standard deviations compared to the year before the new building was put into use. Lastly, Bayona Rodriguez (2016)^[26] found that schools with better infrastructure reduce their grade repetition rates by 0.51 percentage points annually.
- 1.11 Involving parent organizations is a viable mechanism for improving school infrastructure through renovation. In 2018, through Ministerial Decree 1,059-2018,⁹ MINEDUC implemented the Support Program for Maintenance of Public School

⁸ Midterm evaluation for loan 3618/OC-GU.

⁹ This decree repealed Ministerial Decree 506-2014.

Buildings, including maintenance of secondary school buildings. Under that program, monetary transfers are made to parent organizations. However, the program has limited resources for all educational levels. In 2020, MINEDUC disbursed the equivalent of US\$12.9 million, mainly to preprimary and primary education centers. In 2020, only 0.2% of the funds went to LSE schools, and no funds were disbursed for USE schools.¹⁰ While few secondary schools are involved in that program, the regulatory framework does provide for their inclusion. Accordingly, this is a viable mechanism for their improvement. Additionally, 87.4% of public LSE schools and 67.8% of public USE schools have parent organizations in place. Previous Bank operations have successfully used this mechanism for transferring funds to parent organizations: in the last eight years, 5,723 schools were repaired under loans 2018/OC-GU and 3618/OC-GU.

- 1.12 Secondary education students struggle to access educational resources and learning technology in the core curricular areas. Unlike in primary education, MINEDUC does not distribute textbooks for secondary education students, except in the case of math textbooks for LSE students. Access to digital learning devices is minimal: just 48.9% of public secondary education students have access to a computer.¹¹ That percentage is even lower in rural areas, where just 31.6% have access to a computer.¹² In addition, there is a lack of educational resources for students with special needs, and educational resources for Intercultural Bilingual Education (IBE) at the secondary level are also limited.
- 1.13 The literature shows that access to educational resources is important for learning. Heyneman, Farrel, and Sepulveda-Stuardo (1981)[\[27\]](#) review 18 studies to determine the impact of textbooks on student learning outcomes, finding a positive correlation in 83% of the studies analyzed. Lockheed and Longford (1989)[\[28\]](#) also indicate a positive correlation between the frequency of math textbook use and learning outcomes. Murillo (2007)[\[29\]](#) identifies a positive relationship between access to technology and improvements in language learning outcomes. Murillo and Román (2014)[\[30\]](#) demonstrate that access to computers in schools improves math and reading performance through an analysis of data from the Second Regional Comparative and Explanatory Study. The literature also shows that IBE educational resources are key to reducing the gender gap in access to education since IBE has been tied to higher enrollment of girls in primary education in countries like Peru. A longitudinal study in Bolivia found that girls enrolled in IBE programs had higher self-esteem than a control group (Näslund-Hadley and Santos, 2022). Lastly, the literature indicates that training teachers how to use resources is imperative to fostering use thereof in the classroom (Hew and Brush, 2007; Inan and Lowther, 2010; Ertmer, 1999). Guatemala has experience with the distribution of educational resources, including textbooks and digital devices. Under loan [3618/OC-GU](#), textbooks have been distributed to students at 29,696 schools at the preprimary and primary levels. In support of the Technology in the Classroom Program, technology kits have also been handed out, benefiting a total of 303,517 students.¹³

¹⁰ Authors' calculation, Integrated Accounting System.

¹¹ Authors' calculation, Population and Housing Census, 2018.

¹² Idem.

¹³ Program monitoring report for loan 3618/OC-GU.

- 1.14 Secondary education teachers lack the necessary competencies to support student learning. Prior to 2021, they were not evaluated when hired, so there is no metric of their mastery of the subjects they teach. Furthermore, just 73.6% of in-service teachers have the required teaching credentials,¹⁴ which is an indication of the need to strengthen their competencies.
- 1.15 In 2018, through Ministerial Agreement 2,712-2019, MINEDUC expanded the Academic Program for Professional Teacher Development (PADEP) to include LSE teachers so they could specialize in their curricular areas. The expanded program was implemented for the first time that same year. Previously, the program was intended for preprimary and primary teachers. The expansion was prompted by the need to have LSE teachers specialize in their curricular areas of instruction, particularly teachers with general training (e.g., in pedagogy), which is the most common type of degree held by teachers.¹⁵ It also responds to the need for teachers to specialize when they hold a degree in a discipline other than the one they teach. The program developed teaching degrees in math, language and communication, and natural sciences for in-service LSE teachers in the departments of Alta Verapaz, Chiquimula, Jalapa, Sacatepéquez, and Sololá, and the program was implemented by three private universities.^[31] MINEDUC is currently implementing the program for LSE math teachers through Universidad San Carlos de Guatemala. However, the program needs to be expanded to other departments, curricular areas, and USE.
- 1.16 According to the literature, educator competencies are key to teaching, and the teacher is one of the most critical drivers of educational quality. Mujis and Reynolds (2000) found that teacher quality accounts for 60%-100% of variations in student learning outcomes between class sections.^[32] Hanushek et al. (2011)^[33] and Sammons, Tomas, and Mortimore (1997)^[34] found that a teacher's content mastery in the subject they teach has a significant impact on student learning outcomes. Clotfelter et al. (2010)^[35] found that teacher credentials (licensure and certification) positively affect student achievement in systematic ways.
- 1.17 **Rationale.** The elevated school failure rate at the secondary level is driven by the limited supply of public education (a situation that is exacerbated by overcrowding), causing high education costs for families. Consequently, average enrollment rates at this level in Guatemala are very low. In addition, poor infrastructure is a contributing factor to grade repetition and school dropout rates. The lack of secondary level educational resources is also a challenge. Students and teachers in Guatemala do not have access to digital devices; therefore, technology is not used regularly at schools. Likewise, secondary education teachers are not specialized in the areas they teach. Accordingly, the following actions are required: (i) increase MINEDUC school coverage for LSE and USE to reduce costs and promote educational continuity; (ii) improve physical learning environments to provide conditions conducive to instruction; (iii) improve the use of educational resources

¹⁴ Authors' calculation based on data from the ERS. To teach secondary education classes, a secondary education teaching degree is required.

¹⁵ MINEDUC databases do not specify in-service teachers' areas of specialization. However, an analysis of data from the 2019 Job and Income Survey on respondents who report having a secondary education teaching degree shows that 54.2% specialized in pedagogy. This calculation excludes respondents who indicated they had a secondary education teaching degree but did not specify their area of specialization.

and learning technology, including resources for intercultural bilingual populations and for students with special needs; and (iv) improve the competencies of in-service teachers at the secondary level, leading to more effective instruction.

- 1.18 **Project strategy.** Given that loan [3618/OC-GU](#) is already supporting MINEDUC in providing quality preprimary and primary education, this program will focus on expanding secondary education coverage in areas with overcrowding or low levels of school coverage and upgrading secondary schools. Under the program, infrastructure upgrades would maximize the potential for attracting new students (those who dropped out due to a lack of supply as well as transfers from private schools to public ones). The program would also provide monetary transfers to parent organizations for school renovations and supply educational resources, technology, and teacher training.
- 1.19 **Bank support for education.** The Bank has supported the country for more than a decade with the My School is Making Progress program ([loan 2018/OC-GU](#)),¹⁶ which upgraded school infrastructure and improved the quality of preprimary and primary education. The program financed installation of 317 preprimary modular units and 526 primary modular units, benefiting 32,512 students ages 5 to 12, and upgraded 4,014 schools through furniture repairs or refurbishment, including schools affected by the 2012 earthquake. In all, 3,605 of those schools were renovated through parent organizations (2,300 bilingual schools), to the tune of up to US\$10,000 per school, which empowered families in school management and strengthened decentralization. The program also financed educational resources, including the purchase and distribution of 11.8 million textbooks for all primary schools and 686,000 workbooks for preprimary schools, benefiting more than 3 million students.
- 1.20 Meanwhile, the ongoing Education Coverage and Quality Improvement Program ([loan 3618/OC-GU](#))¹⁷ is at an advanced stage of implementation. To date, it has installed and furnished 319 preprimary modular units, repaired and/or renovated 993 primary schools and 1,013 preprimary schools through the respective parent organizations, trained 2,081 teachers through PADEP, supplied 29,696 preprimary and primary schools with textbooks, and provided technology equipment to 1,896 schools. Pending under that operation is delivery of resources to just over 5,000 parent organizations for the renovation of the same number of schools, the purchase of classroom furnishings for approximately 1,500 schools, procurement of approximately 1.7 million textbooks, installation of 456 modular classrooms, and completion of a school infrastructure census.
- 1.21 **Lessons learned.** The program has and will continue to incorporate actions to accelerate execution of the Bank's operations in Guatemala, including: (i) strengthening dialogue with government authorities from agencies involved in operation preparation, approval, execution, and closing; (ii) managing timely budget allocations; (iii) providing ongoing assistance and training to executing agencies; (iv) conducting periodic monitoring and supervision of the achievement of physical and financial results; and (v) implementing new and alternative mechanisms to

¹⁶ Loan [2018/OC-GU](#), US\$150 million (IDB). Approved in 2008 and concluded in 2018. [Project completion report](#).

¹⁷ Loan [3618/OC-GU](#), US\$150 million (IDB). Approved in 2015. Execution expected to conclude in 2024.

- increase flexibility and efficiency in operation preparation and execution, such as (a) involving the Planning and Programming Department of the Office of the President of Guatemala beginning in the preparation phase in order to obtain the favorable technical expert opinion for negotiation; and (b) simplifying the program structure, to facilitate execution.
- 1.22 Lessons learned from previous education operations in Guatemala (loans [2018/OC-GU](#) and [3618/OC-GU](#)) and in the region (loans [1467/OC-PR](#) and [4449/BL-HO](#)) have been incorporated into the design of this program, including: (i) ensure mechanisms are in place for intra-agency coordination within Ministries of Education: the program calls for focal point persons who will sit on a board of directors for technical and policy decision-making (paragraphs 3.1 and 3.2); (ii) strengthen Ministries of Education in areas that complement their pedagogical work: in the case of the program, energy (solar panels) and technology, by hiring staff with new profiles (paragraph 3.5); and (iii) innovate in contract administration and management to ensure better monitoring and supervision of investments (e.g., contracts should not be limited to delivery of technology equipment but should also include teacher training, maintenance, etc.) (paragraph 2.9).
- 1.23 The program also incorporates technical lessons learned from the aforementioned loan operations. With respect to expansion of coverage (paragraph 1.29), Guatemalan schools are in an uneven state of repair, so there is a need to consider several options tailored to the specific challenges on the ground to provide a fast, flexible response to the need to expand educational supply. Accordingly, the program includes the expansion and/or installation of classrooms. In the case of schools in rural areas, the project team has identified a need for alternative electricity sources so physical spaces can be used at different times of day and classroom technology can be adopted. In response to this need, the program will finance solar panels. Another lesson learned is that adding new classrooms to schools whose existing classrooms are poorly furnished results in a wide disparity between new and existing classrooms. For that reason, the program will equip classrooms as needed at schools where classroom space is expanded and/or installed (paragraph 1.29). Regional experience has shown that parent involvement helps improve student retention rates, and the loan in execution has shown that school renovations are efficient when implemented through parent organizations. This lesson will be tapped for Activity B (paragraph 1.31) of this program. Moreover, Bank support under programs that promote the use of classroom technology has demonstrated the importance of providing access to relevant educational resources and supporting teachers and students in technology use. For that reason, the purchase of devices under Activity C (paragraph 1.33) will be tied to the development of educational resources and content and will include teacher training in the use of those devices. In countries like Guatemala, where connectivity is limited, the Bank has helped Ministries of Education find technology solutions that are not Internet-dependent. Accordingly, the program will install local content servers that can be used by students and teachers without Internet access and that are only updated periodically to upload additional content (adopted in loan [3618/OC-GU](#)).
- 1.24 **Strategic alignment.** The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the development challenge of social inclusion and equality through the increase in secondary education coverage. It is also aligned with the crosscutting theme of gender and diversity as it:

targets areas with low secondary education coverage countrywide, where the presence of Indigenous populations is high; invests in the development and use of educational resources for populations with special needs and intercultural bilingual communities; and includes activities to raise awareness of ethnicity and gender issues as part of the professionalization of in-service teachers. It is also aligned with the crosscutting theme of climate change and environmental sustainability, inasmuch as it will foster the inclusion of ecoefficient measures for climate change adaptation and mitigation in school infrastructure works, install photovoltaic systems, and promote the procurement of digital devices with energy efficiency certification. In all, 36.3% of the operation's resources will be invested in activities to mitigate climate change, according to the [joint methodology of the multilateral development banks](#). These resources contribute to the IDB Group target of increasing financing for climate-related projects to 30% of approvals in 2023. The program will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the number of students benefited by education projects. It is aligned with the IDB Group Country Strategy with Guatemala 2021-2024 (document GN-3085), which seeks to improve basic service delivery to the vulnerable population. It is consistent with Dimension 2 of that document by promoting the development of Indigenous students.

- 1.25 The operation is consistent with the Education and Early Childhood Development Sector Framework Document (document GN-2708-5) with respect to: (i) Dimension of Success 3, "All the students have access to effective teachers," through Activity D, and (ii) Dimension of Success 4, "All the schools have adequate resources and are capable of using them for learning and skills development," through Activity C. It is also consistent with the Skills Development Sector Framework Document (document GN-3012-3) ([optional link 7](#)). The program is included in the Update of the Annex III of the 2022 Operational Program Report (document GN-3087-2).
- 1.26 The operation is consistent with the K'atun National Development Plan: Our Guatemala 2032 and with the Sustainable Development Goals (SDGs). Specifically, it is consistent with SDG 4, "Quality Education," and target 4.1: "By 2030, ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to relevant and effective learning outcomes." It also contributes to target 4.5: "By 2030, ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, Indigenous peoples, and children in vulnerable situations." The operation is aligned with the General Government Policy 2020-2024 since it supports the strategic actions in education, strengthens formative subjects in secondary education (math, sciences, and information technology), and expands and upgrades school infrastructure through the maintenance and renovation of existing education infrastructure and implementation of classroom technology. Lastly, the program is aligned with MINEDUC policies, since the MINEDUC Strategic Plan 2020-2024 identifies technological innovation and teacher training as lines of action (line of action 6 and line of action 9, respectively).

B. Objectives, components, and cost

- 1.27 The general objective of the program is to increase the number of young people who continue their studies and complete quality secondary education programs (LSE and USE). The specific objectives are to: (i) increase coverage; (ii) improve physical learning environments; (iii) improve the use of educational resources and learning

technology; and (iv) improve the competencies of in-service teachers. The program interventions will be at the national level in rural and marginalized urban areas. The program will have a single component,¹⁸ which will help increase quality secondary education coverage through four activities: (a) expansion of the secondary education supply; (b) renovation of dilapidated secondary schools; (c) provision of educational resources and digital devices to students and teachers; and (d) competency development for in-service teachers.

1.28 **Sole component. Increase quality secondary education coverage (IDB: US\$96 million).** This component will comprise the following activities:

1.29 **(a) Expansion of the secondary education supply (US\$21.45 million).** The objective of this activity is to increase secondary education coverage by expanding classrooms (new construction) and/or installing classrooms that meet ecoefficiency and climate change adaptation and mitigation criteria, i.e., measures incorporating climate change mitigation and adaptation considerations, including measures for the installation of solar panels (paragraph 2.5), etc., based on the needs of the schools. The classrooms will comply with the international sustainability criteria for [EDGE certification](#),¹⁹ as applicable, as well as the [MINEDUC Manual of Regulatory Criteria for the Architectural Design of Public Schools](#). The classrooms may be added to existing primary or secondary schools, as described in the program Operations Manual. In addition, the secondary schools and classrooms will be outfitted with furniture and educational equipment as needed. The program will help plan and manage the expansion of the supply of teachers to handle new enrollments stemming from the expansion and/or installation of classrooms, providing technical support to the teacher recruitment and assignment process. MINEDUC will make the necessary administrative and financial arrangements for hiring teachers to expand educational offerings in the corresponding budget allocations apart from this loan.

1.30 Secondary education classrooms will be expanded and/or installed at public schools nationwide, where secondary education coverage rates are low, with an emphasis on rural areas and marginalized urban areas.²⁰ In the case of classroom expansion, the program will verify that the land is in possession or use by the State or the respective municipio. The program will not include Category A or B projects that: (i) involve works that could have significant adverse environmental and/or social impacts that are delicate, diverse, and/or unprecedented in nature and cannot be mitigated with the planned intervention; (ii) are in areas highly vulnerable to critical environmental risks induced by humans or stemming from recurrent natural processes, where mitigation is difficult and/or costly; (iii) threaten critical natural habitats; (iv) directly interfere with sites and/or structures of historical, archeological, religious, or cultural importance; (v) violate commitments made in international environmental conventions, treaties, or agreements signed by the country in connection with its activities and/or impacts; (vi) involve population resettlement or

¹⁸ This is consistent with the lessons learned identified in paragraph 1.21.

¹⁹ Excellence in Design for Greater Efficiencies (EDGE) is a certification system for sustainable construction that focuses on building efficiency in terms of energy use, water use, and embodied energy in materials.

²⁰ Expansion refers to the addition of classrooms (minor works) to existing buildings (schools) on lands already impacted.

cause significant adverse impacts on livelihoods or economic activities; or (vii) in the case of Category B projects, have general localized adverse environmental and social impacts that are temporary in nature for which effective, readily-available mitigation measures exist. Financing may also be provided for hiring professionals to conduct land surveys, to obtain information that can be used to design a strategy that facilitates preinvestment and necessary activities to begin execution.

- 1.31 **(b) Renovation of dilapidated secondary schools (US\$33.02 million).** The objective is to improve physical learning environments by upgrading the education infrastructure of public secondary schools. This activity will finance minor renovations of schools and other facilities (new flooring and electrical wiring, new windows or window repairs, interior and exterior paint, restrooms, etc.) following ecoefficient criteria for climate change mitigation and adaptation, i.e., climate change mitigation and adaptation measures, that may include energy and water-saving measures and climate resilience measures, such as the use of LED light bulbs and installation of low-flow faucets and toilets when upgrading bathrooms and sinks. This item does not include new construction or the expansion of existing facilities. The minor renovations will be made through transfers of funds to parent organizations in accordance with prevailing MINEDUC regulations.
- 1.32 In all cases, schools must have an established parent organization. These interventions will be conducted nationwide, with an emphasis on rural and marginalized urban areas, as described in the program Operations Manual. Parent organizations will identify the needs of the schools based on MINEDUC guidelines, following the mechanism established by the Education Coverage and Quality Improvement Program (loan [3618/OC-GU](#)), which consists of the following phases: identification and prioritization, local validation, evaluation and approval, disbursement of funds, execution, monitoring, and delivery of the works.
- 1.33 **(c) Provision of educational resources and digital devices to students and teachers (US\$29.05 million).** The objective is to improve the use of educational resources and learning technology by supplying textbooks, print and digital media, audiobooks, digital devices, teacher training, etc., based on the criteria established in the program Operations Manual. This activity will finance the provision of educational resources for core curricular areas, including intercultural bilingual resources for Indigenous students as well as resources for students with special needs. Funds will also be used to purchase energy-efficient technology equipment. The provision of technology will include equipment to connect digital device labs to content, as well as teacher training and support in the use of technology in the classroom. Educational resources and digital devices may be supplied to students in classrooms enlarged and/or installed under Activity A, as well as to students at other secondary schools nationwide.²¹
- 1.34 **(d) Competency development for in-service teachers (US\$12.48 million).** The objective is to build the competencies of in-service secondary education teachers through university teaching degrees and specialization in the curricular areas to be prioritized by MINEDUC under the framework of the PADEP. To that end, the

²¹ There is a growing gap in access to digital devices between Indigenous and nonindigenous households of around 10 percentage points, with adverse educational impacts on digital skills development and access to virtual education ([Bocarejo et al., 2021](#)).

program will finance spots for LSE and USE teachers as detailed in the Operations Manual. Professionalization will be based on the existing curricular model in the case of LSE, and MINEDUC will design a model tailored to USE. Courses will either be in person or remote. Professional training will have an intercultural bilingual approach and will include awareness-raising activities to eliminate ethnic and gender stereotypes. Public in-service secondary education teachers will receive the professional training, with priority being given to teachers who work at schools targeted by the rest of the program activities and who voluntarily express interest.

- 1.35 **Administration, audit, and evaluation (US\$4 million).** Covered costs include program administration, general supervision and monitoring, evaluations, and audits, including the cost of verifying property rights and legal ownership of lands where infrastructure interventions will take place, if necessary. Eligible expenses will include the cost of hiring consultants to support the program's fiduciary and technical processes.

C. Key results indicators

- 1.36 The program's impact will be measured using the following indicators: (i) percentage of students with a satisfactory level of achievement in math at the secondary level; (ii) percentage of students with a satisfactory level of achievement in reading at the secondary level; and (iii) the school failure rate at the secondary level. These three indicators will be disaggregated by gender and by the Indigenous and nonindigenous population. The program will also monitor the following key outcome indicators: (i) new secondary education students; (ii) percentage of schools with improved physical environments; (iii) percentage of students who used digital devices for educational processes in the last two weeks; (iv) percentage of students who used educational resources aligned with the curriculum in the last two weeks; (v) percentage of students with special needs who used accessible educational resources in the last two weeks; (vi) percentage of Indigenous students who used quality IBE resources in the last two weeks; and (vii) percentage of LSE and USE teachers who completed professional training in curricular specialties along with awareness-raising activities on gender and ethnicity issues. Improvement in these indicators will be measured using a representative sample of the schools targeted by the program within the beneficiary communities and municipios. The results matrix indicators are set out in Annex II.
- 1.37 **Cost-benefit analysis.** The project team performed an ex ante economic analysis of the program using a cost-benefit methodology and a sensitivity analysis that considers three scenarios: conservative (slight reduction in repetition and dropout rates, with a slight increase in wages due to higher educational attainment), average, and optimistic (surpassing the targets for repetition, dropout rates, and wages). In the average scenario with a 20-year horizon, the analysis yielded an internal rate of return of 15.6%, which demonstrates the program's economic viability. The cost-benefit analysis factored in the program implementation costs. The benefits were estimated based on: (i) the increase in secondary education completion rates (income differential versus individuals who did not complete secondary education, using income functions by level of education); and (ii) increases in total income due to an increase in additional years of schooling as a result of the program. An ex post analysis will be performed using the same methodology as the ex ante analysis ([optional link 1](#)).

- 1.38 **Beneficiaries.** The main program beneficiaries will be students ages 12 to 20, with an emphasis on rural and marginalized urban areas where secondary education coverage is low. Activity A is expected to benefit approximately 17,500 students through expansion and/or installation of equipped classrooms. Additionally, Activities B, C, and D will benefit approximately 231,210 students who attend renovated education centers or receive educational resources and technology or instruction by trained educators.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This instrument—the specific investment loan—is considered appropriate because this operation has a universal scope and will conduct interventions at public schools through activities that cannot be split without disrupting the logic of the operation.
- 2.2 **Cost and financing.** The total program cost is US\$100 million, to be financed with the Bank's Ordinary Capital resources (Table 1). The disbursement period is five years based on the schedule in Table 2.

Table 1. Estimated program costs (in U.S. dollars)

Component	IDB	%
Sole component: * Increase quality secondary education coverage (LSE and USE)	96,000,000	96
Administration, audit, and evaluation	4,000,000	4
Total	100,000,000	100

* In keeping with the lessons learned from execution discussed in paragraph 1.21.

Table 2. Tentative disbursement schedule (in U.S. dollars)

Financing source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	8,400,000	24,900,000	32,800,000	30,400,000	3,500,000	100,000,000
%-each year	8.4	24.9	32.8	30.4	3.5	100.0

B. Environmental and social risks

- 2.3 Pursuant to the Bank's new Environmental and Social Policy Framework, the operation was classified as a Category "C" operation because it is only expected to cause minimal, localized, and temporary adverse environmental and social impacts associated with the typical impacts of construction and occupational health and safety, including impacts related to the generation of dust, noise, solid waste management, and effluents. The interventions will not entail demolition, expropriation, or resettlement. The operation does not require an environmental and social impact assessment or public consultation because it is classified as a Category "C" operation. To fulfill the requirements of the Environmental and Social Policy Framework, particularly those contained in Environmental and Social Performance Standards 1, 2, 4, and 10, any environmental and social management measure already in existence in the executing agency and in applicable local

regulations will be reviewed. Based on the operation's level of risk and impact, the degree of compliance of these tools, labor management processes, mechanisms for engagement with stakeholders, and complaint mechanisms will be determined.

- 2.4 With respect to natural disaster and climate risks, given the nature of the works and Guatemala's exposure to natural hazards, the program's risk is classified as moderate. Therefore, the team must conduct proper due diligence on the MINEDUC document "Identification of Classroom Needs at Public Schools." This should be completed in the execution phase, prior to the launch of the works, so as to identify any potential threats to which the projects could be exposed, assess the risk, and develop the required mitigation measures.
- 2.5 With respect to implementation of the energy efficiency model, the risks of forced labor in the supply chain for polysilicon solar panels will be evaluated during execution. The program will finance the procurement of small-scale solar panels with a minimum of 750 watts (paragraph 1.30). Measures will be included to mitigate those risks pursuant to local regulations (Guatemala Labor Code, Decree 1,441 of the Congress of the Republic). The environmental and social strategy and measures included in this operation will be fully aligned with: (i) the IDB Group Measures to Address Risk of Forced Labor in the Supply Chain of Silicon-based Solar Modules (document GN-3062-1); (ii) the applicable requirements of the Bank's new Environmental and Social Policy Framework (document GN-2965-3); and (iii) the IDB procurement policies (documents GN-2349-15 and GN-2350-15) (Annex IV). The bidding documents and contracts with suppliers will include clauses asking suppliers to submit sworn statements of compliance with specific standards and requirements on social and environmental management and mitigation, including a code of conduct, and with requirements related to child labor, forced labor, and the health and safety of workers, in keeping with Environmental and Social Performance Standard 2: Labor and Working Conditions.

C. Fiduciary risks

- 2.6 The Bank performed an analysis of the executing agency's institutional capacity for program execution. Its findings confirm the executing agency's capacity to execute the new operation, with the recommendation that the executing agency be strengthened with additional staff in fiduciary areas. That strengthening is underway given that the lessons learned from loan [2018/OC-GU](#) (concluded in 2019) were incorporated into the program currently in execution (loan [3618/OC-GU](#)).
- 2.7 The project team has identified two fiduciary risks (Annex III): (i) one medium-high risk, in that, if the budget is not approved in the year prior to execution or budgetary reallocations are not processed in a timely manner, there could be delays to execution of the operation, particularly actions during the first year, and (ii) one high risk, in that intra-agency coordination challenges could lead to bottlenecks that hinder effective program execution and monitoring. The first risk will be mitigated by: (a) involving the relevant authorities; and (b) taking the necessary steps to secure the required program budget. The second risk will be mitigated by: (a) closely monitoring the operation with the ministerial authorities and holding monthly monitoring meetings; and (b) designating staff from the institution to serve as focal point persons in the crosscutting areas that support fiduciary management.

D. Other key issues and risks

- 2.8 The project team has identified one medium-high risk that could affect the output and outcome targets: (i) political risk relating to potential turnover in key MINEDUC personnel due to a change in government, which could cause delays in fulfillment of the conditions precedent to the first disbursement, thus affecting the timelines for program execution. To mitigate this risk, an information strategy will be developed, and meetings will be held with the relevant authorities to communicate the scope of the operation.
- 2.9 **Sustainability.** The program will finance the professionalization of in-service teachers. Subsequently, consistent with the General Government Policy 2020-2024 and MINEDUC's Strategic Plan 2020-2024, the executing agency, as part of the relevant budgeting process, will arrange for the resources to maintain the classrooms that will be expanded and/or installed (including photovoltaic systems), and maintenance of technology equipment to be delivered to schools. To ensure the effective implementation of the program and its subsequent sustainability, MINEDUC will use the resources allocated in its annual budget to hire teachers for the new classrooms financed by the program under Activity A.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Guatemala, and the executing agency will be MINEDUC through its Department of Educational Planning (DIPLAN). DIPLAN will be responsible for coordination, planning and monitoring, technical and administrative management, procurement, and financial management of the program, through its various divisions, including the Financial Management Department, the Procurement Department, and the Educational Quality Management Department.
- 3.2 The program activities will be executed under an organizational structure similar to the one used for the Education Coverage and Quality Improvement Program (loan [3618/OC-GU](#)), currently in execution. However, the infrastructure and educational technology coordinators will be supported with technical specialists. A board of directors will be formed, which will support intra-agency coordination and facilitate technical and administrative decision-making ([optional link 6](#)).
- 3.3 **Operations Manual.** The program Operations Manual will describe the execution strategy for the program, including at least: (i) the program's organizational structure; (ii) technical and operational arrangements for execution; (iii) arrangements for programming, monitoring, and evaluation of results; (iv) environmental, social, and occupational health provisions; (v) financial, audit, and procurement guidelines; and (vi) the roles and responsibilities of the participating MINEDUC offices.
- 3.4 **Special contractual conditions precedent to the first disbursement of the financing:** (i) the executing agency has approved the program Operations Manual on the terms previously agreed upon with the Bank; (ii) the executing agency has appointed at least the following personnel within its Department of Educational Planning (DIPLAN) for program execution: a coordinator, a procurement specialist, a financial management specialist, and a monitoring

- specialist (these specialists will have suitable profiles agreed upon between the executing agency and the Bank); (iii) personnel of executing agency offices have been designated to participate in program execution as focal points; and (iv) the fiduciary conditions established in Annex III, **Fiduciary Agreements and Requirements**, have been met (opening of a subaccount in U.S. dollars and assignment of a specific budget code in the Integrated Accounting System). These conditions are intended to ensure that proper operational processes and procedures and sufficient human resources are in place from the outset of program execution.
- 3.5 **Special contractual conditions of execution:** (i) The executing agency has at least one education infrastructure specialist and two education technology specialists to support preparation of the bidding documents, supervision of installation, and deployment for procurements of solar panels and for procurements of the technology solutions planned under Activities A and C, for the procurement process in question; (ii) every six months and in conjunction with the semiannual progress reports, the executing agency will submit to the Bank a list of the beneficiary schools to be targeted over the following six months (Activity A); and (iii) see the other special fiduciary contractual conditions for execution described in item 6 of Annex III, **Fiduciary Agreements and Requirements** (i.e., submission of evidence of budget allocation, requirements for national competitive bidding, conditions for forming evaluation committees). The purpose of the above is to ensure that the executing agency has the necessary technical capacity to execute the relevant activities and ensure preinvestment processes, as well as to mitigate fiduciary risks.
- 3.6 **Financial management.** Financial, budget, accounting, and treasury management, including payments made with the loan proceeds, will be coordinated by DIPLAN/MINEDUC and will comply with Annex III. During program execution, DIPLAN will have specialists for financial administration and procurement management, to ensure program fiduciary management (financial and procurement). If required, the program may finance the hiring of consultants with proven experience in the Banks' financial management policies.
- 3.7 **Procurement.** Goods, works, and consulting services financed all or in part with Bank resources will be procured in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.8 Procurement will be reviewed ex ante, as specified in Annex III. Procurements will be listed in the [Procurement Plan](#) approved by the Bank and will adhere to established methods and thresholds. A procurement plan will be agreed upon for the first 18 months of the program. It will be monitored, executed, and updated using the tools agreed upon with the Bank. The program will be implemented based on a procurement plan.
- 3.9 Given their technical expertise and previous experience in the implementation of activities directly related to those of the proposed operation, single-source selection may be used to hire consultants as program personnel, when they were previously hired using Bank funds and their hiring is a continuation of services pursuant to subparagraph (a) of paragraph 5.4 of document GN-2350-15, to avoid the learning curve.

- 3.10 **Disbursements.** The Bank will disburse the loan proceeds requested manually or electronically through the tools agreed upon by the Bank under the advance of funds modality or any other modality set out in document OP-273-12 (or its current version) as requested by the executing agency. Under the advance of funds modality, funds will be disbursed to a secondary U.S. dollar account opened at the Bank of Guatemala specifically for program use and attached to the treasury single account. Advances will be based on the updated multiyear execution plan that reflects actual liquidity needs for a period no longer than six months. Provided that the payments are duly made and documented, subsequent disbursements can be processed after supporting documentation has been submitted for at least 80% of the outstanding balance of previous advances. If necessary, the possibility of using the flexibilization arrangements established in document OP-273-12 (or its current version) can be examined. Documentation will be reviewed ex post.
- 3.11 **Audits.** MINEDUC, through DIPLAN, will submit, on an annual basis, audited program financial statements with an opinion issued by a Bank-acceptable independent audit firm or by the Office of the Comptroller General in accordance with its manual on auditing special financial statements for IDB-financed projects, previously accepted by the Bank, within 120 days after the end of each fiscal year during the original disbursement period or any necessary extension thereof, and, for the final audit, within 120 days after the final disbursement, according to the procedures and terms of reference agreed upon with the Bank. The contracting of the audit will be financed by the program. It is recommended that only one contracting process be carried out for the entirety of program execution. The audit reports will be made available to the public on the Bank's website in accordance with the Bank's Access to Information Policy.

B. Summary of arrangements for monitoring results

- 3.12 The program will have a system for monitoring, tracking, and evaluating the program indicators. The system is based on experience with prior operations and DIPLAN's existing resources. It will include a results matrix, identification of data sources, and the parties responsible for collecting that data (Monitoring and Evaluation Plan, [required link 2](#)).
- 3.13 The program will have a set of monitoring and supervision actions: (i) monitoring of the program activities based on the multiyear execution plan, annual work plan ([required link 1](#)), results matrix (Annex II), procurement plan ([required link 4](#)), financial plan, and the audited financial statements, in order to produce semiannual reports on execution of the multiyear and annual work plans for each activity; and (ii) program monitoring to verify alignment between the activities in execution and progress toward achievement of the program indicators.
- 3.14 **Arrangements for evaluating results.** Two impact assessments will be prepared at the end of the program. The first will evaluate the program's impact on internal efficiency, analyzing the difference between participating and nonparticipating schools with respect to repetition and dropout rates. The second assessment will determine whether improvements in school conditions increase the level of student learning. To that end, it will investigate whether there is a significant improvement in learning outcomes among students who attend the beneficiary schools that can be attributed to the program.

Development Effectiveness Matrix		
Summary		GU-L1184
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Students benefited by education projects (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3085	Improvement of basic service delivery to the vulnerable population
Country Program Results Matrix	GN-3087-2	The intervention is included in the 2022 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		10.0
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		6.5
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		0.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
5. Monitoring and Evaluation		6.8
5.1 Monitoring Mechanisms		2.3
5.2 Evaluation Plan		4.6
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control. Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	The new program takes into account the lessons learned from the 3618/OC-GU loan, which is in execution. Paragraphs 1.21 and 1.22.

Evaluability Assessment Note: The purpose of this note is to provide an overall assessment of the project's evaluability based on the standards described in the Evaluability Guidelines, as well as to ensure that the Board understands why scores were or were not given to the project. The following information should be developed in order to achieve this purpose. Assess and summarize the diagnosis and the level of empirical evidence to support it. Assess and summarize the level of empirical evidence (or cost-effectiveness) of the solution proposed. Assess and comment on the Results Matrix Quality. Assess and describe the evaluation methodology ex ante and ex post to be used by the project to demonstrate its results. Describe the main type of risk the operation is subject to and its intensity. Describe whether mitigation measures are in place and whether they can be monitored during the life of the project.

RESULTS MATRIX

Project objective:	The specific objectives of this operation will be to: (i) increase coverage; (ii) improve physical learning environments; (iii) improve the use of educational resources and learning technology; and (iv) improve the competencies of in-service teachers. Achievement of these objectives will support the general objective of increasing the number of young people who continue their studies and complete quality secondary education programs (lower secondary education and upper secondary education).
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GENERAL DEVELOPMENT OBJECTIVE¹

Indicator	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective: Increase the number of young people who continue their studies and complete quality secondary education programs (lower secondary education and upper secondary education)							
1. Students with satisfactory achievement in math at the secondary level	%	13.5	2019	2028	13.5 ²	Standardized tests, Ministry of Education (MINEDUC)	Achievement of students in the third year of lower secondary education (LSE) at beneficiary schools will be measured and compared to a control group. See required link 2. Achievement percentage = Percentage of students who demonstrate minimum expected proficiency. See required link 2.
<i>Women</i>	%	10.5			10.5		
<i>Men</i>	%	16.3			16.3		
<i>Indigenous</i>	%	9.7			9.7		Disaggregated by gender.
<i>Nonindigenous</i>	%	16.0			16.0		Disaggregated by gender.

¹ Annex A of the Monitoring and Evaluation Plan sets out the results matrix with the methodology used to develop the program impact and outcome indicators, baselines, and expected targets, as well as details on how they will be updated during execution.

² Based on the assumption that the COVID-19 pandemic resulted in considerable learning loss, the targets have been set at prepandemic levels. In Brazil, during the pandemic-related school closures, the learning loss among primary education students was 72.5% (Lichand et al., 2021). In Belize, the average math score in grade 8 fell 41% between 2020 and 2021 (Inter-American Development Bank, 2022).

Indicator	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
2. Students with satisfactory achievement in reading at the secondary level	%	16.0	2019	2028	16.0	Standardized tests, MINEDUC	Achievement of students in the third year of LSE at beneficiary schools will be measured and compared to a control group. See the Monitoring and Evaluation Plan . Achievement percentage = Percentage of students who demonstrate minimum expected proficiency. See the Monitoring and Evaluation Plan .
<i>Women</i>	%	16.5			16.5		
<i>Men</i>	%	15.5			15.5		
<i>Indigenous</i>	%	9.9			9.9		Disaggregated by gender.
<i>Nonindigenous</i>	%	20.1			20.1		Disaggregated by gender.
3. School failure rate at the secondary level	%	44	2021	2028	39 ³	Statistical reports, Department of Educational Planning of Guatemala (DIPLAN)- MINEDUC	The rate for the first year of upper secondary education (USE) (grade 10) at beneficiary schools will be measured and compared to a control group. See the Monitoring and Evaluation Plan . School failure = Total number of dropouts + total number of students who do not advance to the next grade/total number of students enrolled.
<i>Women</i>	%	38			33		
<i>Men</i>	%	50			45		
<i>Indigenous</i>	%	45			40		Disaggregated by gender.
<i>Nonindigenous</i>	%	43			38		Disaggregated by gender.

³ This assumes that the drop out rate will improve 0.6 percentage points per year and the repetition rate will improve 0.51 percentage points per year. Schools involved in the Quality Schools Program, a program in Mexico similar to this program, have reported lower dropout rates than nonbeneficiary schools (0.7% vs. 1.3%). Gutiérrez, J. A., 2003. "Reforma Educativa en México: El programa escuelas de calidad." *Revista Iberoamericana sobre Calidad, Eficacia y Cambio en Educación*. Evidence from Colombia has found that schools with better infrastructure have lower repetition rates. Bayona Rodríguez, H., 2016. "Efectos de la infraestructura sobre el fracaso escolar: Evidencia empírica para Colombia." University of the Andes, Bogota, Colombia.

SPECIFIC DEVELOPMENT OBJECTIVES⁴

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Specific development objective 1: Increase coverage											
1.1 New secondary education students	Students	0	2021	0	0	7,000	7,000	0	14,000	Enrollment reports, DIPLAN-MINEDUC	<p>New students = Students enrolled at beneficiary schools who start the first year of LSE (grade 7) and first year of USE (grade 10).</p> <p>Base enrollment for public schools in the targeted areas is 409,595. A total increase of 3% is expected.</p> <p>The target assumes that at least 80% of student openings created will be filled by new students. Those students may be transfers from private schools or reflect better retention rates. In both cases, the increase in coverage responds to a decrease in costs: i.e., opportunity costs, transportation costs, or other costs (for previously unenrolled students) or lower tuition (for students previously enrolled at private schools).</p> <p>Corporate Results Framework</p>
Specific development objective 2: Improve physical learning environments											
2.1 Schools with improved physical environments	%	0	2022	0	0	30	30	30	90	Infrastructure reports from DIPLAN	<p>This is an outcome indicator because parents and schools identify needs for improvement in the learning environments.</p> <p>The indicator will be measured using a representative sample of the beneficiary schools. A target of 90% has been proposed because evidence shows that operational challenges prevent 100% achievement. However, the program will hopefully surpass the target and reach 100% of schools.</p>

⁴ Achievement of objectives will be verified one year after the end of the operation to allow sufficient time for the indicators to detect results derived from outputs delivered in the final year of execution.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
											See the Monitoring and Evaluation Plan for the definition of “improved physical environment.”
Specific development objective 3: Improve the use of educational resources and learning technology											
3.1 Students who used digital devices for educational processes in the last two weeks	%	0	2022	0	0	0	0	50	50 ⁵	Use survey (to be developed), DIPLAN-MINEDUC	The indicator will be measured using a representative sample of beneficiary schools. “Educational processes” are defined as learning activities within the classroom.
3.2 Students who used educational resources aligned with the curriculum in the last two weeks	%	0	2022	0	0	0	0	65	65 ⁶	Use survey (to be developed), DIPLAN-MINEDUC	The indicator will be measured using a representative sample of beneficiary schools. See the Monitoring and Evaluation Plan for the definitions of “educational resources,” “Intercultural Bilingual Education (IBE) materials,” and “students with special needs.”
3.3 Students with special needs who used accessible educational resources in the last two weeks	%	0	2022	0	0	0	0	65	65 ⁷	Use survey (to be developed), DIPLAN-MINEDUC	The indicator will be measured using a representative sample of the beneficiary schools. “Special needs” refers to special vision conditions. The educational resources will include Braille and audio resources.

⁵ Torres Gastelú, C. and L. Valencia Áviles, 2013. One study of public primary school students in grade 6 in Veracruz, Mexico, found that 50.9% of students used computers or the Internet two or more times per week to “look up information for [their] classes” outside of the classroom. Given the recent adoption of technology in the public education system in Guatemala and the limitations faced, it is hoped that a similar percentage of students will use those resources.

⁶ According to the 2021 diagnostic assessment, 60% of LSE students and 59% of USE students demonstrated the expected competencies for the National Core Curriculum in Math. It is assumed that these learning outcomes were achieved using textbooks.

⁷ The target should be equal to the rate among students without special needs.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
3.4 Indigenous students who used quality IBE resources in the last two weeks	%	0	2022	0	0	0	0	25	25 ⁸	IBE classroom observation tool (in development), DIPLAN-MINEDUC	The indicator will be measured using a representative sample of beneficiary schools. See the Monitoring and Evaluation Plan for the definition of “quality IBE resources.”
Specific development objective 4: Improve the competencies of in-service teachers											
4.1 LSE and USE teachers who completed professional training in curriculum specialties along with awareness raising activities on gender and ethnicity issues	%	0	2022	0	0	0	0	70	70 ⁹	Completion reports from the universities that provide the professional teacher training, DIPLAN	The indicator will be measured using a representative sample of beneficiary schools. Data from MINEDUC indicate that approximately 70% of preprimary and primary teachers participating in the Academic Program for Professional Teacher Development complete their professional training. The coursework takes three years.

OUTPUTS

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Activity A: Expansion of the secondary education supply											
A1 Classrooms that meet sustainability and climate resilience criteria, delivered	Classrooms	0	2022	0	250	250	0	0	500	Program monitoring report (PMR), DIPLAN	Climate resilience and sustainability criteria include energy, water, and materials efficiency. It is estimated that 60% of classrooms will achieve the 20% threshold for energy and water savings. See the Monitoring and Evaluation Plan for the definition of “quality IBE resources.”

⁸ The target is based on the results of a Bank study (Näslund-Hadley, E. et al., 2022). An IBE pilot project in Panama was able to implement 25% of the planned lessons. Despite the low level of implementation, the project achieved better learning outcomes.

⁹ Estimates indicate that, at present, 70% of LSE teachers in the Academic Program for Professional Teacher Development complete their professional training.

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Activity B: Renovation of dilapidated secondary schools											
B1 Renovated schools, delivered	Schools	0	2022	0	1,000	1,303	1,000	0	3,303	DIPLAN PMR	<p>"Delivered" means that the schools will have undergone renovations, including energy and water-saving measures and climate resilience measures. The interventions will include installation of LED light bulbs and low-flow faucets and toilets and the collection and use of water/rainwater, meeting energy efficiency standards.</p> <p>See the Monitoring and Evaluation Plan for building renovation standards and verification of delivery.</p>
Activity C: Provision of educational resources and digital devices to students and teachers											
C1 Educational resources, distributed	Educational resources	0	2022	0	0	1,400,000	0	0	1,400,000	DIPLAN PMR	<p>The program will distribute educational resources for the following curricular areas: math, Spanish language and communication, natural sciences, English language and communication, art education, and social sciences for LSE, and math and reading for USE, among other subjects.</p> <p>See the Monitoring and Evaluation Plan for definitions of "educational resources," "IBE materials," and "people with special needs."</p>
C2 Digital device kits delivered	Kits	0	2022	0	0	1,500	2,300	0	3,800	DIPLAN PMR	<p>"Delivered" means that each classroom will have received one kit, which may contain a content server, tablets, video projector, tablet charging station, surge protector, multimedia speakers, platform access, charging and carrying cases, and power supply. Tablets will have an energy efficiency sticker or seal.</p>

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
C3 Teachers trained in the use of educational resources	Teachers	0	2022	0	0	3,000	4,600	0	7,600 ¹⁰	DIPLAN PMR	The objective of this training is to improve the pedagogical and content skills of teachers in the use of resources.
Activity D: Competency development for in-service teachers											
D1 Individual openings for professional training, delivered	Individuals	0	2022	0	2,000	1,300	2,200	0	5,500	Enrollment records, executing agency	Delivery is verified through enrollment. The purpose of training is to professionalize in-service teachers with an emphasis on language and math, which are priority areas for MINEDUC.

¹⁰ This assumes two secondary education teachers per school.

Country: Guatemala

Division: EDU

Operation no.: GU-L1184

Year: 2023

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of Education (MINEDUC)

Operation name: Program to Support the Expansion of Secondary Education

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems¹

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> National competitive bidding
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	<input checked="" type="checkbox"/> Reverse auction

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Specific features of fiduciary execution	<p>The executing agency will be MINEDUC (which has experience executing Bank-financed programs, namely loan 2018/OC-GU and loan 3618/OC-GU) through its Department of Educational Planning (DIPLAN). DIPLAN will execute the program with the support of other offices, such as the Financial Management Department and the Procurement Department for fiduciary program management. Staff from other MINEDUC offices will be appointed to serve as point persons during program execution. DIPLAN will have administrative, operational, and financial responsibility for the program, with a view to ensuring effective planning and execution of program actions, evaluation thereof, and coordination with MINEDUC's various technical offices. The program will have at least one financial management specialist and one procurement specialist.</p> <p>The program Operations Manual will discuss DIPLAN's responsibilities and structure.</p> <p>[Responsibilities of MINEDUC: Art. 33 of the Executive Branch Act (Decree 114-97)]</p>
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	<p>An evaluation of the executing agency's fiduciary capacity performed in conjunction with MINEDUC staff in the second half of 2022 found that the agency has the capacity for program execution, has a regulatory framework in place, uses the integrated financial management system (IFMS), and has institutional procedures manuals. The analysis also identified certain fiduciary risks (see section I.4).</p>
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¹ Any system/subsystem that is subsequently approved could be eligible for use in the operation based on the terms of the Bank's approval.

4. Fiduciary risks and risk response

Category	Risk	Risk level	Risk response
Political and institutional environment	If the budget is not approved in the year prior to execution or budgetary reallocations are not processed in a timely manner, there could be delays to execution of the operation, particularly actions during the first year.	Medium-high	(a) Involve the relevant authorities; and (b) initiate the necessary actions and procedures to secure the program budget.
Organizational structure, internal processes	Intra-agency coordination challenges could lead to bottlenecks that hinder effective program execution and monitoring.	High	(a) Closely monitor the operation with the ministerial authorities and hold monthly monitoring meetings; and (b) designate staff from the institution to serve as point persons in the crosscutting areas that support fiduciary management.

5. Policies and guidelines applicable to the operation: Financial management will apply the Financial Management Guidelines for IDB-financed Projects (document OP-273-12 or its current version), IFMS guidelines, and the National Budget Act, which regulates the budget, accounting, treasury, and public credit subsystems that comprise the IFMS, operating under the principle of regulatory centralization and operational decentralization. MINEDUC is subject to budgetary, accounting, and treasury regulations for institutions of its type and requires that certain processes obtain the approval of the Ministry of Public Finance.

Procurement procedures will be subject to policies GN-2349-15 and GN-2350-15 (or their current versions). The GUATECOMPRAS portal will be accepted as an information for the dissemination of procurement processes.

6. Exceptions to Bank policies and guidelines: N/A.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Special contractual conditions precedent to the first disbursement:

(i) The borrower will have opened at the Bank of Guatemala a secondary account, in U.S. dollars and attached to the national treasury single account. Advances disbursed under the program will be deposited into that secondary account, without exception, as referred to in Article 4.01(c) of the General Conditions of the loan contract. This condition was prompted by a request from the borrower and is included in all loan contracts so that the Bank of Guatemala can authorize the opening of accounts in U.S. dollars.

(ii) For the purposes of the provisions of Article 4.01(d) of the General Conditions, the borrower will have assigned a specific budgetary code, in the name of the program as established in the loan contract, to identify the loan in the integrated accounting system (IAS), pursuant to the borrower's current regulations. This condition is justified to ensure that the country financial management system can be used, which will facilitate program execution and financial reporting.

Special contractual conditions for execution. The special contractual conditions for execution are as follows:

(i) The exchange rate used for program financial reporting will be the rate reported by the Bank of Guatemala on the effective date on which the borrower, the executing agency, or any other person or entity authorized to incur expenditures makes the respective payment or transfer. If, due to the effect of applying the exchange rate, there is a positive differential, the borrower will make use of such differential to finance expenditures relevant to the program objectives after obtaining the Bank's no objection. The provisions of document OP-273-12 (or its current version) will apply.

(ii) Within the first 30 days of each fiscal year, the executing agency will deliver unaudited financial reports to the Bank, showing evidence of the budget allocation for the program for the current fiscal year, including a list of the necessary arrangements to ensure that the budget covers execution as planned in the annual work plan and procurement plan, as updated and approved by the Bank. This condition is justified as a measure to mitigate budget risks.

(iii) The contract will include the following provisions to be observed when national competitive bidding (NCB) is used: (a) participation will not be restricted to suppliers from the Bank's member countries and suppliers from nonmember countries will not be declared ineligible; (b) no percentages of origin, preferential rates, or registration requirements will be established; (c) considerations to be included in bidding documents; and (d) ad hoc evaluation committees will be advised by the procurement specialist.

(iv) When forming the bid evaluation committees, the members will be familiar with the program's governance framework and the Bank's procurement policies, and the program Operations Manual will establish specific criteria for forming these committees and timeframes for evaluation processes. MINEDUC will be responsible for monitoring compliance. This is justified by the need to ensure that eligible companies, firms, and consultants have equal opportunity to compete and to ensure that the procedures set out in Bank policies are applied when evaluating bids and proposals.

(v) Staff designated by the MINEDUC offices to serve as point persons for crosscutting support required during the program will be retained. This measure is intended to mitigate intra-agency coordination risk.

Exchange rate: For the purposes of Article 4.10 of the General Conditions, the parties agree that the exchange rate will be as specified in paragraph (b)(ii) of Article 4.10. Accordingly, the agreed exchange rate will be the rate reported by the Bank of Guatemala on the effective date on which the borrower, executing agency, or any other person or entity authorized to incur expenditures makes the respective payment to the contractor, supplier, or beneficiary.

Audit: The program financial statements will be audited by an independent audit firm or by the supreme audit institution previously accepted by the Bank and will be submitted in accordance with the agreed terms of reference and model contract. Audited financial statements will be submitted within 120 calendar days after the end of each of the executing agency's fiscal years during the original disbursement period or any extension thereof and after the end of the original disbursement period or any extension thereof.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	Procurements of works, goods, and nonconsulting services executed in accordance with the Bank's procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB) will use the standard bidding documents issued by the Bank or the documents agreed upon by the executing agency and the Bank for the specific procurement. Likewise, the selection and contracting of consulting
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		<p>services will adhere to the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (document GN-2350-15) and will use the standard request for proposals issued by the Bank or the request agreed upon by the executing agency and the Bank for the specific selection. For NCB, a procurement document will be developed that will be agreed upon by the executing agency and the Bank. The program's sector specialist is responsible for reviewing the technical specifications and terms of reference for procurements during preparation of the selection processes. This technical review may be ex ante and is independent of the procurement review method.</p>
<input checked="" type="checkbox"/>	Use of country systems	<p>In document GN-2538-26, the Bank approved the use of the electronic reverse auction system or subsystem up to the shopping threshold for goods and/or nonconsulting services, which may be applied once the required measures for its implementation have been completed. The GUATECOMPRAS information system has also been accepted.</p> <p>The operation's procurement plan will list the items to be procured using the country system within the approved scope. Should the Board expand the scope of its approval of the use of the country system, the expanded use will apply to this operation.</p>
<input checked="" type="checkbox"/>	Recurrent costs	<p>Processing of recurrent costs required for program implementation and approved for financing by the project team leader will follow the executing agency's administrative procedures. Those procedures have been reviewed and accepted by the Bank and do not violate the principles of economy, efficiency, and competition. Anticipated recurrent or operational costs include per diems, fuel, publication of bidding process announcements, vehicle maintenance, copies of training materials, and other costs associated with the supervision activities included under the program components.</p>
<input type="checkbox"/>	Projects with financial intermediaries	N/A
<input type="checkbox"/>	Advance procurement/ Retroactive financing	N/A
<input checked="" type="checkbox"/>	Procurement supervision	<p>The supervision method for procurements of goods/services, works, and consulting services will be ex ante. Procurement visits will be conducted every six months according to the program supervision plan and will include at least one physical inspection visit.²</p> <p>The recommended thresholds for use of ICB and an international shortlist of consultants are those established for Guatemala (http://www.iadb.org/procurement).</p>

² Physical inspections verify the existence of the items procured, leaving verification of quality and compliance with specifications to the sector specialist.

<input checked="" type="checkbox"/>	Records and files	The executing agency will be responsible for maintaining the program's physical and digital files and records. The agreed upon procedures and formats discussed in the program Operations Manual will be used for the preparation and filing of reports.
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Major procurements

Description	Selection method	New procedures / Tools	Estimated date	Estimated amount (US\$)
Goods				
Expansion and/or installation of 500 classrooms	ICB		1-VI-2023	16,500,000
Procurement of furniture and equipment for 500 classrooms	ICB		1-X-2023	1,000,000
Furniture for 1,000 classrooms	ICB		25-VII-2023	2,000,000
Procurement of textbooks	ICB		5-V-2025	3,888,500
Procurement of school technology for 3,800 classrooms	ICB		1-VI-2025	23,000,000
Printing and delivery of resources for students with disabilities	NCB		1-IV-2025	350,000
Works				
Nonconsulting services				
Firms				
Annual external audit of the program	Least-cost selection		1-VIII-2023	250,000
Individual consultants				
Individual consultants from DIPLAN	Single-source selection		1-VI-2023	1,125,000

Link to the [18-month procurement plan](#).

Procedures	Rationale for use
Leasing and second-hand goods	N/A
Innovation Partnership	N/A
Competitive dialogue	N/A
Electronic reverse auction	N/A

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	Operational budget management will be carried out in the IAS, following the financial management and control standards and the specific regulations contained in the loan contract. A specific budget code will be assigned to the program in the IAS for program identification and monitoring. The executing agency will submit to the Bank reports to monitor the timely allocation of adequate budgetary resources and execution thereof. The contents and frequency of those reports will be as agreed upon with the Bank and specified in the program Operations Manual.
<input checked="" type="checkbox"/>	Treasury and disbursement management	<p>Disbursements and cash flow. The treasury single account is an acceptable mechanism for managing the Bank-financed resources. Disbursements of advances of funds will be deposited into a secondary U.S. dollar account attached to the treasury single account. The Bank will disburse resources requested manually or, preferably, electronically, using the advance of funds modality or any other modality established in document OP-273-12 (or its current version), as requested by the borrower. Advances of funds will be made in accordance with the multiyear execution plan, which reflects actual payment needs for a period no longer than six months. Provided that the payments are duly made and documented, subsequent disbursements can be processed after supporting documentation has been submitted for 80% of the outstanding balance of prior advances. If necessary, the possibility of using the flexibilization measures established in document OP-273-12 (or its current version) can be examined. Documentation will be reviewed ex post.</p> <p>The exchange rate for program financial reporting will be the one reported by the Bank of Guatemala on the date the payment transaction is made. If, due to the effect of applying the exchange rate, there is a positive differential, the borrower will make use of such differential to finance expenditures relevant to the program objectives after obtaining the Bank's no objection. The possibility of applying the provisions of document OP-273-to the handling of exchange rate differentials will be examined.</p>
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	Specific accounting standards: Government accounting standards, on a cash basis. The International Public Sector Accounting Standards are expected to be implemented in 2024. Program accounting and records will be managed through the IAS, which is the sole source of information on the use of program funds. The existing expense and account structure will be used, and there will be no special chart of accounts. Supporting documentation for payment transactions will remain on file at MINEDUC,

		<p>which will be responsible for keeping records and making payments charged to the program.</p> <p>Specific reports on program monitoring, execution, and financial progress will be prepared using data from the IAS and auxiliary books in Microsoft Excel, if needed and called for in the program Operations Manual.</p>
<input checked="" type="checkbox"/>	Internal control and internal audit	<p>The executing agency should have an internal control structure and mechanisms in place that ensure effective, efficient, and transparent management. The executing agency has an internal audit office that reports directly to the agency's highest authority. The approved program Operations Manual will discuss the specifics to ensure effective internal control over execution of the allocated resources. The Office of the Comptroller General is the national government oversight agency and has the authority to conduct any audits it deems necessary. Given that the Bank has not evaluated the country's internal audit subsystem, the Bank's financial supervision of the program will not utilize that subsystem.</p>
<input checked="" type="checkbox"/>	External control and financial reports	<p>The program financial reports will be audited on an annual basis by an external audit firm eligible for the Bank in Guatemala or by the Office of the Comptroller General in accordance with its manual on auditing special financial statements for IDB-financed projects, previously accepted by the Bank. The terms of reference and model contract will be agreed upon in advance. The audit firm will be contracted no more than 120 days before the end of the year to be audited. It is strongly recommended that only one contracting process be carried out for the entirety of program execution. During execution, the audited financial statements will be submitted to the Bank annually within 120 days after the end of each fiscal year or, in the case of the final audit, after the date of the last disbursement. Pursuant to Article 7.03(a) of the General Conditions, the program's fiscal year will run from 1 January to 31 December of each year. In addition, the IDB may request audited or unaudited financial statements or reports related to the program as deemed necessary. Pursuant to the IDB's current access to information and information disclosure policies, the program's audited reports will be published on official Bank systems.</p>
<input checked="" type="checkbox"/>	Financial supervision	<p>Financial management will be supervised through consultations of budget information, payments, and accounting reports in the IAS and the updated multiyear execution plan and other unaudited financial information prepared by the executing agency at the Bank's request. At least one financial fiduciary oversight visit is planned for each year.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/23

Guatemala. Loan ____/OC-GU to the Republic of Guatemala.
Program to Support the Expansion of 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 Republic of Guatemala, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Program to Support the Expansion of Secondary Education. Such financing will be for the amount of up to US\$100,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2023)