

NEW SCHOOL SYSTEM PROGRAM: REFORM OF EDUCATION MANAGEMENT AND PARTICIPATION

(CO-0142)

EXECUTIVE SUMMARY

Borrower:	Republic of Colombia	
Executing agency:	Ministerio de Educación Nacional (MEN) [National Ministry of Education]	
Amount and source:	IDB: (OC)	US\$36 million
	Local:	US\$40 million
	Total:	US\$76 million
Financial terms and conditions:	Amortization period:	25 years
	Disbursement period:	4 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	US\$ from the single currency facility
Objectives:	<p>The objective is to initiate reforms in the Colombian education system to strengthen decentralized independent management and improve efficiency and social equity in the allocation of resources, as a means of offering better quality education services. The reforms in management and resource allocation will be carried out in a limited number of departments and municipalities where the goals are to: (a) strengthen education management and school autonomy; (b) introduce mechanisms to assure efficiency and social equity in resource allocation; (c) ensure that students in participating schools are offered the full cycle of basic education; (d) assure access to transparent information and performance evaluations; and (e) promote citizen participation. The program will also strengthen the technical capacity of the MEN to monitor and evaluate the results of the system. It will identify conditions and factors for success in building an effective school system, drawing on lessons that can be applied to all public education under a longer-term national reform program.</p>	

Description:

The program will reform management and resource allocation in the education systems in from five to eight departments and 100 to 160 municipalities, and will establish between 500 and 800 schools offering all grades up to grade nine, thus ensuring that children will have access to basic education. Participation in the program by departments, municipalities and schools will be voluntary.

The participating departments will sign agreements with the MEN containing education management reform plans in which they undertake to rationalize their teaching staff and the allocation of government transfer payments, distributing funds to the municipalities on the basis of a formula; certify schools in all municipalities with populations over 100,000; transfer teacher and school administration functions to the remaining municipalities; and modernize the departmental departments of education, strengthening the functions of information, monitoring and technical assistance for the municipalities. The program will finance the technical assistance required to carry out these activities and will grant incentives to departments to strengthen their commitment to the reforms and reward their progress.

The municipalities that voluntarily join the program will subscribe to management reform plans to reorganize the schools in their jurisdictions into institutes that offer grades 1 to 9; assign teaching staff and the departmental and municipal transfer payments to each school on the basis of a formula; grant greater independence to schools through delegation of staff and financial administration to school principals and governments; and strengthen the technical capacity of their departments of education to manage the respective school systems. The savings from better management of teaching resources will be used to improve the quality of education. The program will finance technical assistance to bring about these changes and grant incentives to the municipalities based on the goals they have achieved.

The all-grade schools joining the program will undertake to introduce participation by parents, the community and teaching staff in school administration and to develop plans to improve institutional management. In exchange, the program will provide technical assistance and will grant monetary incentives as a reward for progress in autonomy and management. The greater independence of these schools will entail greater responsibilities for their administrators, who will be accountable to parents and the community on the one hand, and to the municipal authorities on the other.

The changes in the different departments and schools do not require legislative reform. The program will complement and deepen the recent efforts of the Colombian government to improve the allocation of resources in the sector, launched with passage of the law enacting the development plan. The reforms in management and resource allocation in the departments, municipalities and schools will be subject to permanent monitoring and evaluation as feedback for the program and to disseminate the best experiences in school management. The program will promote the production, circulation and permanent use of information on education management and quality to be used as inputs for decision making and for internal monitoring inside the schools and between the different levels in the school system, and external monitoring by the community. Last, the capacity of the different players in the school system to build consensus on the national and local levels will be strengthened as a contribution to the cohesion required by the new system.

The program includes the following five components.

Component 1. Education management in departments, municipalities and schools (US\$18.2 million). The funds for this component will be used mainly to provide technical assistance in preparing and implementing departmental, municipal and school management plans. The departmental education reform plans will include formula-based allocations of funds and teaching staff to the municipalities, taking account of enrolment and other factors such as rural character, and will transfer powers to administer staff to the municipalities. The municipal education reform plans will also include the formula-based distribution of funds among schools to ensure equity, the organization of schools offering all grades (see 1.55), transfer to the schools of the power to manage nonsalary resources, including, where possible, the full transfer of responsibility over teaching staff. The new schools will have governing bodies that include parents and community representatives, greater autonomy, and institutional management plans that establish outcome-related goals.

Component 2. Incentives to improve education management (US\$30 million). This component will grant monetary incentives to participating departments, districts, municipalities and all-grade schools that comply with the commitments they have made in the management plans drawn up under the framework of component 1. They may only use the incentives for nonsalary

education costs. The program will also award prizes to the teachers ranking highest in the teacher evaluations provided for in the law enacting the development plan.

Component 3. Information for education management and quality (US\$14 million). The objective of this component is to promote and facilitate the production of timely and useful information for decision making, which will also enable the communities and the interested parties to monitor results. The specific goals are to: (a) support management of the school system by strengthening the capacity to process, analyze and use information on all levels in the sector and in the community; (b) promote a national education information service for the circulation of information on the status of educational quality, management and coverage, which will be freely accessible to the community and all the agents in the system; and (c) create a culture of information use for management, decision making and citizen participation in monitoring results.

Component 4. Communications and social mobilization (US\$5.8 million). Financing will be provided for communications and social mobilization activities in support of the program through the use of the media, production of publicity materials and organization of national and local events. These activities will place educational issues on the national agenda as priorities and will lead to a broad dialogue among all the social players, facilitating consensus on education objectives and responsibilities.

Component 5. Monitoring and evaluation (US\$2.5 million). This component will make it possible to monitor the reforms planned under the program as it is being executed, evaluate progress toward the goals and ensure that the guidelines are complied with. Special attention will be paid to monitoring the following areas: (a) resource allocation; (b) institutional capacity and education management; (c) autonomy; (d) broader school coverage and higher retention rates; and (e) public information and civic participation.

Relationship of project in Bank's country and sector strategy:

The country paper approved by the Programming Committee of the Board of Executive Directors on August 11, 1999, focuses the Bank's action on five objectives: (a) support for the pacification process and its sustainability by facilitating national dialogue and consensus; (b) reduction of poverty and inequality by supporting human capital formation and improving access to productive assets and basic social services; (c) consolidation of decentralization by strengthening civil society and local and regional institutions based on consensual management of the lower levels of government; (d) modernization of the State through structural reforms in public institutions and finances, including the strengthening of regulatory mechanisms; and (e) promotion of sustainable growth by helping to rehabilitate and build economic infrastructure and ensure environmental protection, with a view to increasing productivity, with private sector participation.

The country paper identifies the education sector as a strategic area for poverty reduction and the consolidation of decentralization. The Bank has two objectives in the education sector: (a) to improve the quality and coverage of primary and secondary education; and (b) to reduce structural unemployment through training for the workforce. The proposed program supports implementation of this strategy by: (a) introducing an organizational model focussed on the school; (b) improving resource allocation in the sector; (c) guaranteeing access to basic education; (d) strengthening evaluation mechanisms; and (e) promoting civic participation in monitoring the results of the education system.

Environmental and social review:

The program will not have any direct or indirect environmental impact, since the funds will be used to grant incentives, contract studies, and promote social communications, training and institutional strengthening. When pertinent, basic information on environmental protection and natural resource conservation will be included in program activities.

Benefits:

The program will promote more equitable allocation of teaching and financial resources in the participating levels of government. It will also strengthen independent school management, the efficient use of resources, and bolster commitments to improving efficiency and quality through the introduction of departmental and municipal education management reform plans and the creation of schools offering all grades in basic education.

The creation of all-grade schools and introduction of the new education management practices will improve student retention in the system and increase the number of years of education.

The systemization of the responsibilities of the different levels of government will be promoted. The MEN will strengthen its leadership in defining policies and strategies; the departments will strengthen their supervisory powers and provide technical assistance; the municipalities will manage sector resources; and schools will have independent and participative management. Orderly and autonomous management of the system will reduce operational demands on the more senior levels, allowing them to focus on their roles of designing and tracking sector policies and ensuring the quality of education.

The management information component will provide useful data for strengthening school management and for monitoring and evaluating Colombia's educational policy.

Systemization and dissemination of good education management practices will allow these reforms to be extended to the entire education system.

Risks:

Success in establishing schools that offer the full basic education cycle and in autonomous school management will require a high degree of commitment and technical capacity on the part of the municipalities and schools. The program will only be carried out in areas that are willing and have the technical capacity to implement the reforms in management and resource allocation. In addition, promotional activities, technical assistance and logistical support will be provided on the different levels.

There is a possibility that the proposed program may be interpreted negatively by some agents in the sector. To mitigate this risk, the program will build consensus and conduct a publicity campaign to inform the public and teachers about its scope and purpose, encouraging them to participate directly in the reforms. The political will expressed by the government and the dialogue to be engaged in with teachers will ensure increased support for the proposed reforms.

Short political cycles could hamper continuity in the processes of institutional change in uncertified municipalities with populations under 100,000. The program will address this risk through: (a) benefits to municipal governments that allow independent

management of resources and the provision of incentives to be used, not for teaching staff, but to improve coverage and quality; (b) the working methodology that gives priority from the outset to community involvement and local consensus building regarding the actions and mechanisms to be developed and introduced under the program; and (c) the provision of technical assistance and training for technical teams in departmental and municipal departments of education.

Institutional weakness in the MEN could hamper its role in defining sector policies and strategies and evaluating educational quality and achievements. The program will strengthen key areas in the MEN and support national and local testing to ensure adequate monitoring of results. Follow-up and evaluation activities will also be carried out during the program.

**Special
contractual
clauses:**

Conditions precedent to the first disbursement. Prior to the first disbursement of the loan, evidence of the following will be presented to the Bank: (a) creation of the program's board of directors; (b) creation and organization of the coordinating unit and appointment of its chief; (c) placement in effect of the program Operating Regulations under the terms and conditions agreed upon in advance with the Bank; (d) approval of the plan of execution for the first year, identifying the first four departments that will participate; and (e) signature of agreements with at least two departments to launch the program.

Other conditions. The Bank will review the agreements between the MEN and the departments as they join the program and will give its nonobjection to them prior to committing the respective financing.

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

This operation qualifies as a project that promotes social equity, as described in the Bank's objectives in the Report on the Eighth General Increase in the Resources of the Bank (document AB-1704).

**Exceptions to
Bank policy:**

None

Procurement:

Contracts will be awarded in accordance with Bank procedures. International competitive bidding will be held for contracts for goods worth more than US\$350,000 and for consulting contracts worth more than US\$200,000. The caps applicable to contracts for social communications and training services will be the same

as for consulting services. Training, social communications and consulting contracts will be governed by the requisite of prior consultation with the Bank for individual contracts worth more than US\$50,000 or the equivalent in local currency and for contracts with firms worth more than US\$100,000 or the equivalent. The program does not include financing for physical infrastructure.

I. FRAME OF REFERENCE

- 1.1 Colombia has made great strides in carrying out the 1991 constitutional mandate of offering nine years of good quality education for all school-aged children. During this decade, the country has increased public spending on the sector and has launched an ambitious process to decentralize education. As a result, considerable headway has been made in expanding coverage, which needs to be continued and consolidated. The decentralization process, which gained impetus in the 1990s, has begun to generate a renewed and healthy interest in education on the departmental, district and municipal levels.
- 1.2 However, problems linked to the management of sector resources, coupled with unsuitable allocation of funds, deficient systems for organizing the supply of education, lack of information, and failure to evaluate the quality of education have turned into some of the main obstacles standing in the way of progress in improving coverage and quality. Since deterioration in the country's fiscal and economic situation is making it increasingly difficult to keep up the pace of growth in public funding for education, it is indispensable to promote a significant improvement in efficiency and in the allocation of existing resources and to provide suitable tools for sector information and evaluation.

A. Socioeconomic framework

1. Recent economic situation

- 1.3 Colombia is going through one of the most difficult moments in its recent history. The serious increase in problems with public order and crime in recent years is compounded by a sharp slowdown in economic growth and deterioration in the fiscal and external accounts. From an average of real annual growth in GDP of over 5% from 1992 to 1995, the rate fell to just half of that level in 1996-1998 and posted a drop of almost 5% in the first quarter of 1999. Urban unemployment which is over 19% today is at one of the highest levels in history. Although inflation was brought down to under 20% in 1998 and has been hovering around 10% in the last 12 months, between 1996 and 1998 the balance in the central government's fiscal accounts posted large and growing deficits which rose to over 4.5% of GDP. In 1998, the deficit in the balance of payments current account was 5.8% of GDP. These levels, which are unsustainable in the long term, led the current government, which took office in the second half of 1998, to adopt drastic fiscal adjustment measures to correct a situation that threatened to jeopardize the country's future macroeconomic stability.¹

¹ See Inter-American Development Bank, Region 3: Economic Situation and Prospects, pages 17-25, Washington, D.C., March 1998.

- 1.4 Although the central government's consolidated public sector deficit has been financed from income from privatizations and the surpluses of public companies and social security, these sources are not expected to be able to continue covering it in future. The government's deficit tends to increase over time,² and it is probable that the surplus in the rest of the public sector and income from privatizations will continue to diminish in the coming years. An analysis of the structural reasons for this deterioration³ suggests that one of the factors contributing to the government's deficit is its failure to adjust spending after transferring powers to the lower levels of government and to the social security authority, pursuant to the reforms in these fields during the first half of the 1990s.⁴ This situation has made it urgent to take steps to curb central government spending to avoid unnecessary duplication and the inefficient use of resources in the country's newly decentralized context.

2. Social situation

- 1.5 In contrast with the downturn in the macroeconomic situation, the country's social progress indicators point to a significant improvement in living conditions. The percentage of poor Colombians measured in terms of unmet basic needs (UBNs) has fallen steadily from 45.6% in 1985 to 37.2% in 1993 and to 27% in 1997.⁵ Between 1985 and 1997, the percentage of urban dwellers with UBNs fell from 31.2% to 17.5% and the figure for the rural area dropped from 72.6% to 50%.
- 1.6 The improvements in social conditions have been linked to substantial increases in public social spending, which rose from 7.6% of GDP in 1980 to 15.6% in 1996.⁶ In the last four years, the increase has been close to five percent of GDP. The favorable change in the UBN index responds to the country's efforts to expand basic utilities for households, improve housing conditions and increase the coverage of health and education programs. According to the most recent survey

² The government's spending-income lag in recent years is clear. While current spending rose by over 13% a year in real terms between 1993 and 1996, current income in 1996 was even *lower* in real terms than in 1993. Recent projections suggest that if the trends observed in previous years had been maintained, the government's deficit could have grown to 6% of GDP by 2000.

³ Which include increased spending on defense to respond to the increase in violence in the country; higher interest payments on the debt, worsened by the policy to give priority to internal financing of the deficit which led to high real interest rates; and the salary contracts reached by the previous government with teachers (real increase of 8% for three years and 4% afterwards) and the armed forces.

⁴ Inter-American Development Bank, Descentralización en Colombia: Nuevos Desafíos. Economic and Sector Studies Series, Washington, D.C., January 1998.

⁵ Data taken from the National Planning Department Misión Social, based on the 1985 and 1993 population censuses and the 1997 survey of living conditions.

⁶ See National Planning Department, Planeación y Desarrollo, Vol. XXVIII, Number 1, Bogota, 1997, page 5.

of living conditions conducted in 1997, over 90% of people living in the chief municipalities have electricity, water and sewer services. Although there are large shortfalls in rural areas, 75% of rural dwellers have electricity, 50% have potable water, and 15% have sanitation services. On the national level, housing built from substandard materials has dropped to 8%, critical overcrowding has fallen to 11% and fewer than 6% of Colombians lack basic services.

- 1.7 In the field of health, there have been major changes in morbidity and mortality profiles and in service coverage. The negative impact of transmissible, maternal and perinatal diseases (typical of countries with low levels of development) has eased. Life expectancy rose from 67.5 years in 1985 to 70.7 year in 1997. Public access to health care services has increased considerably, particularly in recent years, as a result of the reforms to the social security system introduced under Law 100 of 1993. Health insurance coverage (subsidized, contributing or prepaid) has more than doubled, growing from 27% in 1993 to 63% in 1997.
- 1.8 In education, net coverage on all levels has increased. Primary schools are attended by 83.4% of children between the ages of seven and 11, while the figure was just 61.5% in 1985. The most significant progress has been made in secondary schooling, where net coverage rose from 37.7% in 1985 to 59.7% in 1997.
- 1.9 However, the process has not been homogenous and there has not been any improvement in income distribution.⁷ The Pacific and Atlantic coastal regions, the eastern plains and the Amazon, while obtaining some benefits from the country's general progress, continue to suffer from large basic deficiencies. The serious political violence and decline in citizen security have impeded greater consolidation of progress on the social front, have a negative impact on the quality of life, and threaten the country's economic stability.

B. The decentralization process

- 1.10 The institutional adjustments stemming from the 1991 constitution sought to improve efficiency and equity in public resource allocation through political, administrative and financial decentralization and greater civic participation in public management. These processes also opened up new opportunities for private participation in the delivery of social services and productive activities that had traditionally been reserved for the State.
- 1.11 Although an earlier constitutional reform had established elections for the office of mayor, which were held for the first time in 1986, and part of the revenues from the VAT were gradually being ceded to the municipalities, the new 1991 constitution consolidated the decentralization process by establishing elections for

⁷ On the national level, the Gini coefficient has hovered around 0.55 for the last 20 years. In the country's largest cities it has deteriorated alarmingly since 1991, falling from 0.49 in that year to 0.56 in 1995.

the office of departmental governor and strengthening the distribution of national fiscal resources to the lower levels of government. The new constitutional framework gave the departments the role of planners and government intermediaries and the municipalities the role of executors of most national powers in the fields of education, health care, local physical infrastructure, public utilities for households and environmental protection. The changes were regulated through the Powers and Resources Act (Law 60 of 1993) which spelled out the administrative and executive powers to be retained by the central government and those to be transferred to the lower levels, and established formulae for the allocation of national funds to the departments, districts and municipalities to finance social services.

- 1.12 The current process of decentralization in Colombia was conceived as a gradual transfer of powers and resources, initially to the departments and then to the municipalities, once they meet certain basic 'certification' conditions. The conditions chiefly require the municipalities to have an organization capable of absorbing the new functions, development plans for the social sectors and information systems. This reallocation of powers is particularly sweeping in the education and health care sectors, where the ministries are required to limit their roles to providing guidance and formulating policies and plans, providing evaluation and advisory services, and transferring all responsibilities for execution to the lower levels of government. However, if for any reason it is found that after certification, service in a municipality deteriorates to the point that it endangers users or the State, the respective ministry has the power to intervene and take over delivery, through the corresponding departmental government.
- 1.13 The new fiscal scenario that has followed on the decentralization process established different sources of funding to finance spending by the lower levels of government, including departmental transfer payments [*situado fiscal*] from the central government, the municipal share of the country's current revenues, cofinancing, royalties from the extraction of natural resources, own departmental, district and municipal income, and credits for local development.
- 1.14 The main sources of financing for social services on the lower levels are the departmental transfer payments and the municipal share of current revenues. Transfers to the lower levels of government have grown considerably during the 1990s and now amount to over half the central government's current income, almost 40% of consolidated public spending, and 7.8% of GDP (see annex I-1).
- 1.15 **Departmental transfer payments** may not be less than 25.5% of current national income and are given to departments and districts to be used to finance education and health care. The departments that receive these payments will eventually be

required to pass them on to the municipalities in their jurisdictions with populations over 100,000, once they have been certified.⁸

- 1.16 Fifteen percent of the transfer payments to departments and districts is distributed in equal shares and 85% is contingent on population and fiscal effort. According to the law, transfer payments may never be less than the real amount paid out in 1993.
- 1.17 **The municipal share of current revenues** benefits municipalities, districts and indigenous reservations and replaces the old VAT payment to the municipalities. Originally intended to finance local investment costs, this share is now about 18% of the central government's current income and is slated to rise gradually to 22% by 2002. Thirty percent of these revenues should be earmarked for education, 25% for health care, 20% for potable water and sanitation and 5% for recreation. The municipalities are free to decide on how to allocate the remaining 20%.
- 1.18 The process of decentralization in Colombia has entailed serious practical problems and some conflicting concepts.⁹ Apart from too many rules and regulations, the system does not offer sufficient incentives on any level to optimize administrative management, the allocation and use of resources, or the delivery of public and social services. For example, the national ministries have no incentives to adapt themselves institutionally and give up their old responsibilities; the departments and districts have no real incentives to shoulder their new responsibilities or to hand over power and resources to the municipalities; and the departments, districts and municipalities receive their funding automatically, regardless of their performance.

C. Education in Colombia

1. Structure and development by level of education

- 1.19 Formal education is organized into four levels: (a) preschool for children under seven, which is compulsory for a minimum of one year; (b) basic education which is compulsory for nine years, divided into two cycles, basic primary for five years and basic secondary for four; (c) senior high school for two years; and (d) post-secondary education.

⁸ The country currently has 41 municipalities with populations over 100,000 and which, once they are certified, will have the same independence currently enjoyed by the four special districts (Santafé de Bogotá, Barranquilla, Cartagena and Santa Marta). Together these municipalities have close to 13 million people (one third of the total population).

⁹ See Jorge E. Vargas and Alfredo Sarmiento, Descentralización de los Servicios de Educación y Salud en Colombia, Bogota, March 1997, and IDB, Descentralización en Colombia: Nuevos Desafíos, Washington, 1998.

- 1.20 The size and complexity of Colombian education can be visualized by recalling that the country has 57,000 primary and secondary schools, 390,000 teachers and close to 8.5 million pupils. There are 280 institutions of higher education with 600,000 students. Unlike other countries in the region, private sector participation in the supply of education is high, for approximately 15% in primary school, 40% in secondary school, and 65% in post-secondary education.
- 1.21 Indicators of access to education have improved substantially in recent years. The gross preschool coverage rate rose from 9.5% in 1985 to 38.1% in 1997. Net primary school coverage increased from 61.5% in 1985 to 83.4% in 1997. Net secondary school coverage grew remarkably from 37.7% in 1985 to 59.7% in 1997.¹⁰ Higher education serves 17% of the population. Growth in the supply of primary and particularly of secondary education has chiefly benefited the poor and is the result of a combination of increased coverage in public institutions and the introduction of innovative strategies, including direct subsidies to families and student quotas contracted with private suppliers.
- 1.22 Thanks to this effort, illiteracy among the population over the age of 15 has fallen to 9.6% and the public receives an average of 6.2 years of schooling (7.1 years in urban areas and 3.6 in rural ones).

2. Decentralization and institutional organization

- 1.23 Public education management in Colombia has gone through different stages. Until the start of the 1960s, the departments (and to a lesser extent the municipalities) were responsible for the bulk of financing and administration of primary and secondary public schools and teachers. The central government paid for public higher education, managed and financed teacher-training schools and established the country's educational standards and policies.
- 1.24 In the 1960s and 1970s, the central government gradually took over responsibility for financing primary and secondary education. In 1978, with the Teacher Statute, the government centralized salary negotiations and unified the system for the remuneration and promotion of teachers. Despite centralization of financing, the departments continued to be responsible for the management of most teachers and support staff and for distributing human and financial resources to the municipalities. The MEN only administered the so-called national schools or institutes, which accounted for less than 5% of total public school enrolment.
- 1.25 A process of decentralizing certain functions that were not being properly carried out by the MEN began in 1986. The construction of physical infrastructure and supply of equipment was decentralized to the municipalities, which were responsible for financing these activities through transfer payments from the

¹⁰ The data for 1997 are taken from the National Planning Department's Misión Social 1997 Quality of Life Survey.

VAT. In 1988, the MEN was restructured to strengthen its planning, policy design, and sector supervisory functions and to reduce direct execution. The administration of national schools and institutes was handed over to the departments. The departments also began to administer pilot training centers (responsible for teacher training and experimental curricula) and the teacher career offices. As a result, all facets of managing the teaching staff paid by the central government were left in the hands of the departments.

- 1.26 The decentralization process received a new impetus in the 1991 constitution and Law 60 of 1993. The General Education Act (Law 115 of 1993) developed the educational mandates contained in the 1991 constitution, rolled aspects of education administration scattered among different pieces of legislation into a single format, and introduced limited participation by parents and the community in public education management.
- 1.27 The administrative model stemming from that legislation assigns the following powers to the different institutional levels:
 - a. The national level, represented by the MEN, is responsible for defining policies and development objectives, sector planning, evaluation of the entire system, and inspection and supervision.
 - b. The departmental and district level, represented by the departmental or district departments of education, is responsible for education management on the regional level, the administration of transfer payments and own funds, teacher administration and payment, training and technical advisory services for teachers and schools, and inspection and supervision of regional education services. To date, 28 departments out of a total of 29 and the four districts are operating in a fully decentralized fashion.
 - c. The municipal level administers local education services and is responsible for providing and maintaining school infrastructure and equipment.
 - d. Schools were assigned a key role in their own management through the design and execution of an institutional education project that basically consists of a package of actions aimed at improving the education offered by each institution.
 - e. Institutional spaces were also established to advise the different administrative levels, with participation by public servants, teachers, parents and the community, such as the National Education Board, the departmental or district education boards, the municipal education boards, and governing bodies in each school.

3. Financing for education in Colombia

- 1.28 After a marked drop throughout the 1980s, public spending on education has been growing steadily in recent years, from 2.5% of GDP in 1990 to 4.1% in 1997. Education's share of the national budget is over 20%. Private financing of about 3.6% of GDP, mainly for secondary and higher education, should also be taken into account (see annexes I-3, I-4 and I-5). Private financing in Colombia is highly complementary to public spending in the sector, and its share increases as the average cost per student rises on the higher levels.
- 1.29 About 40% of public spending goes to primary education, 30% to secondary education, 16% to higher education and the remainder is spent on sector administration. Close to 75% of the budget for education goes for salaries, just 5% goes to pay for supplies and about 10% goes to improve infrastructure, a category that has been on the rise in recent years (see annex I-5).
- 1.30 Primary and secondary public school education is mainly financed with transfer payments. The nation provides over 90% of financing, chiefly through transfers payments to the departments and municipalities, supplemented by other central government resources.¹¹ The departments, districts and municipalities make a modest contribution to sector financing. Less than 12% of their total income has been spent on education. Most of those funds are used for teachers' salaries, for operating the departmental or district departments of education, and for local counterpart contributions to national cofinanced programs.
- 1.31 Per-student transfer payments to the departments and municipalities for education vary widely. Departmental transfers range from US\$168 per student in Bolívar department to US\$1,451 in Guainía, which is not a reflection of fiscal effort, administrative efficiency or considerations of equity, but rather of the inertia of historical spending, since the initial distribution of transfer payments under Law 60 was based on distribution in 1993. Payments to the municipalities also vary, although less widely, ranging from US\$35 to US\$83 per student (see annex I-2).

D. Sector problems

- 1.32 Despite the efforts, educational shortcomings in the country continue to be significant. First, primary education is still not universal and the coverage of secondary education is insufficient. Second, there are enormous differences in coverage in different geographic areas and income groups. In rural zones, the departments on the two coasts and low-income groups lag far behind the national average when it comes to education. Third, school performance by children is deficient. The results of tests administered in 1992 and 1994 indicate that in language, word-by-word reading has prevailed over the overall interpretation of

¹¹ Other national resources include cofinancing, the MEN's investment funds and credits linked to the performance plans agreed upon by the central government and the departments (and districts).

texts and there is little understanding or use of specific or standard procedures to solve problems in mathematics.¹² Colombian students also scored poorly in the Third International Study on Science and Mathematics, where there was a wide gap between their performance and the international average. Poor quality teaching translates into low internal efficiency. Out of every 100 children who enter grade one, just 42 reach grade nine and only 34 complete secondary school.¹³

- 1.33 Deficiencies in the coverage, equity and quality of education in Colombia are much less a result of too little spending than of the hurdles that stand in the way of good management of the sector. The way in which schools are managed, deficiencies on the different organizational levels (municipalities, departments and districts, and the MEN) and the inadequate system used to allocate funds have created conditions that are not favorable for moving toward the goals proposed for the sector in the constitution. Furthermore, if the management and allocation models are not changed, the sector will continue to demand more money, but increases in financing will have no significant impact on quality or coverage.

1. Deficient management of Colombian public education

- 1.34 The constraints on efficient sector management are reflected in particular in institutional weakness in the schools, confused and incoherent responsibilities on the different administrative levels, and the lack of information systems and evaluation tools to support sector management.

a. Weaknesses in schools

- 1.35 Recent studies have shed light on aspects of Colombian public schools that had previously gone unnoticed. They show that schools do not fully carry out their functions as transmitters of knowledge that is relevant for children, they do not awaken their interest in learning and investigating, nor do they contribute to the training of active and tolerant citizens able to coexist peacefully in society.¹⁴ The studies also point to the impact of the way in which schools are organized, administered and governed on the quality of education, since close to 30% of the

¹² MEN, Evaluación de Logros, Areas de Lenguaje y Matemáticas. Resultados en Grados 3, 5, 7 and 9, 1992 and 1994. Bogota, October 1997.

¹³ See Caro, Blanca Lilia and A. Sarmiento, "El avance de la educación en Colombia: Lento, insuficiente e inequitativo" in Planeación y Desarrollo, Vol. XXVIII, number 1, Bogota, 1997.

¹⁴ FES-Colciencias (eds.), La Cultura Fracturada, Ensayos sobre la Adolescencia Colombiana, Proyecto Atlántida, Volume 1, FES, Tercer Mundo, Bogota, 1995.

school performance of children is determined by factors linked to staff (organization and management of resources).¹⁵

- 1.36 The crisis in the country's public schools (which explains most of the problems with the quality of education) is largely the consequence of the subordinate roles played historically by the schools. They have depended almost completely (even in the most trivial administrative aspects) on the wishes of departmental or national educational organs. Principals, who have traditionally been appointed for reasons other than merit, have not been given effective tools for carrying out even the few functions that are their responsibility. Parents and the community have been poorly represented and have no decision-making power in school administration.
- 1.37 The legislation passed in recent years, particularly the General Education Act, Law 60 of 1993, and the current government's education development plan (Change to Build Peace) approved in 1999, have assigned a larger role in education management to public schools. However, the schools lack the tools to exercise management and administrative functions independently. They have no control over financial resources or mechanisms for influencing decisions on funding taken on the municipal, departmental or national levels. Thus, the authority granted to them is purely nominal.
- 1.38 Colombia, like other Latin American countries, followed a model for expanding the supply of education based on the establishment of many small one-room schools, rather than the creation of larger education centers equipped with all the teaching and administrative services necessary to provide quality education.
- 1.39 As a result, one key restriction on basic education institutions in the country is their precariousness, which limits their teaching function and makes it impossible for them to be self-managing. The precariousness stems from the fact that most schools are incomplete and suffer from the following main shortcomings:
 - a. They do not offer all the grades from 1 to 9 and therefore cannot guarantee their students continuity in the system and they do not form part of a broad and pluralistic educational community that can strengthen and complement them.
 - b. They do not have the education services needed to guarantee quality education (lack of sports facilities, laboratories, libraries, etc.).
 - c. They lack many complementary services that are essential for ensuring that students have access to school and remain in it, such as school transportation and student health care facilities.

¹⁵ See Misión Social, DNP, "La calidad de la educación y el logro de los planteles educativos", in Planeación y Desarrollo, Vol. XXVIII, Number 1, Bogota, 1997.

- d. They are missing most of the administrative services that are essential for complementing school management, such as academic secretariats.
- e. They do not have aspects that are essential for boosting their relative independence and ability to act accountably, such as school governments and principals with the capacity to make decisions.

b. Confused and incoherent responsibilities in the different institutional levels

- 1.40 On the broadest level, one of the main obstacles to suitable management of education is the scattering of responsibilities among the different levels of government. Although it has awakened greater interest in education in the municipalities, departments and districts and has led to promising initiatives in addressing their particular educational problems, the legislation on decentralization did not clear up the confusion regarding the responsibilities of each level. As a result, no body has overall responsibility for the core elements in managing public education.
- 1.41 While teacher appointments and transfers are the responsibility of the departments, it is the municipalities that have responsibility for guaranteeing the supply of education. They cannot count on having the teachers they need, since the teachers belong to the department. Furthermore, although the teachers are the responsibility of the departments and districts, salary negotiations are still centralized in the Department of Education and the Teachers' Union (FECODE) but the levels of government responsible for delivering education do not participate. As mentioned earlier, the schools, which provide the service, do not have a fixed teaching staff and lack the autonomy to decide on how they will use their own resources.
- 1.42 This situation is aggravated by the absence of incentives for the different levels to carry out their functions efficiently. Perhaps the most serious case is the departmental departments of education, which have no incentives for rationalizing the teaching staff, since it is the central level that pays the cost of their inefficiencies.

c. Lack of navigation instruments in public education

- 1.43 The possibilities for suitable management are adversely affected by poor or absent basic tools such as adequate and timely information systems and systems for evaluating students, teachers, principals and administrative staff.
- 1.44 Information systems on the national and lower levels are still only partial and need to be linked to a decentralized system to support decision making and to create a culture of the use and circulation of information. It is also necessary to complete the design of a national quality evaluation system, based on the

experience built up in the MEN in recent years with the SABER program and in the ICFES' National Testing Service in evaluating student achievement, and to participate more actively in international performance tests so that the learning levels of Colombian students can be compared with those of their peers in other countries. Also, tools for evaluating the management and use of resources on the different levels of government should be developed so that education agencies can track and evaluate the impact of policies and program and adjust their execution.

2. An inadequate system for resource distribution¹⁶

- 1.45 The current system for allocating education resources suffers from different problems that stand in the way of efficient management and jeopardize the consolidation of decentralization, to say nothing of improvement in the sector. The problems are related, in particular, to inequity and inefficiency in the distribution of funds to the departments and municipalities, and are the result of a financing mechanism that is chiefly designed to cover payroll costs, with scant consideration of quality, coverage or efficiency. A recent study has shown that while the school completion time required by the cohort entering primary school in 1988 has been reduced by 1.6% as compared with the 1978 cohort, the cost has increased by 19%.¹⁷
- 1.46 In the first place, departmental and municipal transfers, which are the two largest sources of funding for the sector, are distributed primarily on a territorial basis and only afterwards by sector, based on fixed percentages. This leads to resource allocation that does not necessarily coincide with the departments' real financing requirements. The situation with the formula for distribution of municipal transfers is similar, since 60% is distributed based on UBNs and varying amounts are paid per pupil, which are not necessarily consistent with real costs in the different areas.
- 1.47 In the second place, as was mentioned earlier, transfer payments to the departments are earmarked for the teacher payroll, based on the distribution that existed in 1993, which has perpetuated a situation that was clearly inequitable from the outset. The result is uneven distribution of teachers among departments and even more inequitable distribution of teachers among municipalities.
- 1.48 In the third place, under the current institutional framework, the use of funding for the sector is strongly determined from the top down, with scant decision making powers in the schools and little community participation, which is not consistent

¹⁶ See Comisión de Racionalización del Gasto y las Finanzas Públicas, El Saneamiento Fiscal, Un Compromiso de la Sociedad, Volumes I and III, Bogota, 1997; World Bank, Making Decentralization Work, draft, November 1995; DNP, Misión Social, MEN, Mecanismos de Asignación Eficiente de Recursos Públicos a la Educación Básica, preliminary version, April 1996.

¹⁷ See footnote 13.

with the goals of the decentralization process. In other words, the system is based on subsidies for supply, with very few incentives to increase coverage, improve efficiency or raise the quality of public education in the country.¹⁸

- 1.49 Last, due to the many sources of financing, national transfers are received on different levels, which makes impossible to administer them efficiently and with the flexibility that would be possible if they were placed in a single purse. The only level on which the different funds are consolidated is the districts (and potentially the certified municipalities), where central government transfers for education are considered as both municipal and departmental at the same time and therefore they receive both the departmental and municipal transfers.¹⁹

3. Innovative experiences in managing and allocating sector funding

- 1.50 Since the shortcomings in the management and allocation of resources for education have become obstacles to sector development, some lower levels of government have recently launched initiatives to expand the coverage of basic education. The World Bank's PACES program financed subsidies for demand; Antioquia and Cartagena have increased enrollment through direct contracts with private schools; Bogota and Manizales have been carrying out a plan to expand coverage under which the districts and municipalities build the school infrastructure (including equipment) and contracts are awarded to nongovernmental organizations to operate the schools, transferring funds to them on a per capita basis and monitoring the quality of the service. These local initiatives have learned from the successes and failures of earlier programs and are becoming alternatives for the management of traditional public schools and to voucher programs.

E. The government's education policy

- 1.51 The 1999-2002 national development program (Change to Build Peace) has made the 'education plan for peace' one of society's fundamental commitments. It stresses that the country's main challenge in education is to achieve universal net coverage in basic education and guarantee quality, laying the groundwork for exercising the right to education under equitable conditions. The government's policies for basic education include:
- a. Reorganization of basic education through the use of two tools: promotion of independent schools (offering grades 1 to 9) with the capacity to exercise control over their financial and human resources and, as a result, to take

¹⁸ Eduardo Wiesner, La Asignación de Recursos por Capitalización y la Reforma del Sector Educativo en Colombia, working paper, MEN/IDB, Bogota, October 1997.

¹⁹ In the future, this single purse could also exist in the 41 municipalities with populations over 100,000, once they have been certified.

responsibility for the results of their education service; and reorganization of the municipal and departmental education systems.

- b. The development plan and the law under which it was enacted have made the rules for teacher transfers more flexible in order to improve the allocation of funds among municipalities. The government has already begun to work together with the departments, using performance plans to enable them to sustain teachers' salaries and to allocate teaching staff on the basis of municipal requirements (through the program to strengthen the lower levels of government – 977/OC – and the sector reform program for public finances – 1166/OC – the IDB is providing support for the strengthening of departments and districts, including their education sectors).
- c. Reform of the current system for allocating resources (Law 60 of 1993), by turning it into a system based on results and introducing incentives for efficiency in terms of coverage (population served and to be served), management and quality, will constitute an important tool for regulation. The reform intends to untie funds from the municipal transfers that are currently used to pay national teachers in the poorest municipalities, so they can be used for investments in improving the quality of education.
- d. Laying the groundwork to improve the quality of education, including mechanisms that citizens can use to demand their right to a quality education and institutionalization of quality measurement by consolidating the national quality evaluation system.
- e. Development of a national information system as a condition for offering all Colombians a quality education with equity. This system, which will link the national education evaluation system to the management evaluation system, is envisaged as a mechanism to provide citizens with information they can use to demand quality in school services and management.

F. Bank country and sector strategy

- 1.52 The country paper approved by the Programming Committee of the Board of Executive Directors on August 11, 1999, focuses the Bank's action on five objectives: (a) support for the pacification process and its sustainability by facilitating national dialogue and consensus; (b) reduction of poverty and inequality by supporting human capital formation and improving access to productive assets and basic social services; (c) consolidation of decentralization by strengthening civil society and local and regional institutions based on consensual management of the lower levels of government; (d) modernization of the State through structural reforms in public institutions and finances, including the strengthening of regulatory mechanisms; and (e) promotion of sustainable growth by helping to rehabilitate and build economic infrastructure and ensure

environmental protection, with a view to increasing productivity, with private sector participation.

- 1.53 The country paper identifies the education sector as a strategic area for poverty reduction and the consolidation of decentralization. The Bank has two objectives in the education sector: (a) to improve the quality and coverage of primary and secondary education; and (b) to reduce structural unemployment through training for the workforce. The proposed program supports implementation of this strategy by: (a) introducing an organizational model focussed on the school; (b) improving resource allocation in the sector; (c) guaranteeing access to basic education; (d) strengthening evaluation mechanisms; and (e) promoting civic participation in monitoring the results of the education system.

G. Program rationale

- 1.54 The government's vision and objectives for the sector are, in the long term, to ensure that the education system can guarantee children's education rights, i.e. universal access, schooling covering all grades in basic education (up to grade nine) as a minimum, and quality and relevancy levels tailored to development requirements and aspirations for social mobility.
- 1.55 To achieve this, schools must be complete and independent – complete in that they themselves, or through agreements with other institutions, can offer children the full basic education cycle; independent because they have the flexibility to manage their physical, human and financial resources and are answerable for their processes and results.
- 1.56 Schools of this kind should form the core of the new education system, with functions defined to reflect the system's objectives, the resources to achieve them, and independence in answering for their efficiency and results. Under this system, the municipalities will be the guarantors of coverage (universal access and student retention) and the quality of education in their spheres, while the departments will act as the intermediaries between the central government and the municipalities in the fields of policy and resources to ensure they are properly tailored to their jurisdictions. According to this vision, the departments and the central government are both decisive in promoting and supervising the social objectives and efficiency of education.
- 1.57 If the all-grade schools and the new municipal school system are to be sustainable, at least two conditions must be complied with: (a) there must be a predictable and transparent system for allocating funds, linked to needs and costs, which motivates administrators to achieve coverage and quality objectives; and (b) institutional channels must be established for civic participation, through which parents and the community can be informed by local school administrators of progress in achieving the central goals of Colombian education, with high levels of civic participation in monitoring and evaluating the results.

- 1.58 Keeping in mind the problems described above, the country's new education policy, its long-term vision and objectives for the sector and the Bank's strategy in Colombia, the government and the Bank have agreed to carry out an operation whose scope will be limited in this initial stage in terms of funding and the number of participating departments and municipalities, although it will be strategic in achieving the long-term goals for improving education in Colombia. Reforms to the system will take longer than this operation. It is hoped that the lessons learned from the proposed program will help to build a consensus that will permit the country to move ahead in future with reforms to the financing, administration and organization of the education system on the national level.

II. THE PROGRAM

A. Objectives

- 2.1 The objective of the program is to initiate reforms in the Colombian education system to strengthen decentralized independent management and improve efficiency and social equity in the allocation of resources, as a means of offering better quality education services.
- 2.2 The reforms in management and resource allocation will be carried out in a limited number of departments and municipalities where the goals are to: (a) strengthen education management and school autonomy; (b) introduce mechanisms to assure efficiency and social equity in resource allocation; (c) ensure that students in participating schools are offered the full cycle of basic education; (d) assure access to transparent information and performance evaluations; and (e) promote citizen participation. The program will also strengthen the technical capacity of the MEN to monitor and evaluate the results of the system. It will identify conditions and factors for success in building an effective school system, drawing on lessons that can be applied to all public education under a longer-term national reform program

B. Main features of the program

- 2.3 The program will reform management and resource allocation in the education systems in five to eight departments and 100 to 160 municipalities, and will establish between 500 and 800 schools offering all grades, in accordance with the principles outlined in Chapter I, section G (paragraphs 1.54 to 1.57). Participation in the program by departments, municipalities and schools will be voluntary.
- 2.4 The participating departments will sign agreements with the MEN containing education management reform plans in which they undertake to rationalize their teaching staff and the allocation of government transfer payments, distributing funds to the municipalities on the basis of a formula; certify schools in all municipalities with populations over 100,000; transfer teacher and school administration functions to the remaining municipalities; and modernize the departmental departments of education, strengthening the functions of information, monitoring and technical assistance for the municipalities. The program will finance the technical assistance required to carry out these activities and will grant incentives to departments to strengthen their commitment to the reforms and reward their progress.²⁰

²⁰ Interested departments will have to demonstrate that their education finances are in order or are being regularized under performance plans agreed to with the National Planning Department and the Ministry of Finance (see paragraph 1.51b).

- 2.5 Although the present program will not be able to influence the distribution of the funds transferred by the central government to each of the departments, since that would require an amendment to Law 60 of 1993, as was mentioned in chapter I (see paragraphs 1.31 and 1.45 to 1.49), it seeks to use criteria of efficiency and equity to optimize the distribution of the transferred funds within the participating departments and municipalities.
- 2.6 The municipalities that volunteer for the program²¹ will use management reform plans to reorganize the educational institutions in their jurisdictions into schools offering all grades; use a formula to assign teaching and financial resources from the departmental and municipal transfers; grant greater independence to schools by delegating staff and financial administrative authority to school principals and governments; and strengthen the technical capacity of their departments of education to manage the respective school systems. The savings from better management of teaching resources will be put toward improving the quality of education. For its part, the program will finance technical assistance to bring about these changes and will grant incentives to municipalities based on the progress made.
- 2.7 The all-grade schools in the program will undertake to introduce participation by parents, the community and teachers in their administration and to carry out plans to improve school management. In exchange, the program will provide them with technical assistance and reward progress in autonomy and management with financial incentives. The greater autonomy of these schools will devolve greater responsibility on their administrators, who will be accountable to parents and the community on the one hand, and to the municipal authorities, on the other.
- 2.8 The reforms in the different levels of government and schools do not require legislative reform. The program will complement and deepen the recent efforts of the Colombian government to improve the allocation of resources in the sector, which began with passage of the law enacting the development plan. The reforms in management and resource allocation in the departments, municipalities and schools will be subject to permanent monitoring and evaluation as feedback for the program and to disseminate the best practices in school management. The program will promote the production, circulation and permanent use of information on education management and quality to be used as inputs for decision making and internal monitoring in the schools and between the different levels in the school system, and external monitoring by the community. Last, the capacity of the different players in the school system to build consensus on the national and local levels will be strengthened as a contribution to the coherence required by the new system. Annex II-1 describes the changes promoted by the program.

²¹ Since the door of entry into the program is the departments, only municipalities located in departments that have joined the program may participate.

C. Program components

- 2.9 The program includes five components: departmental, municipal and school education management; incentives to improve education management; information for education management and quality; communications and social mobilization; and follow-up and evaluation.

1. Component 1. Departmental, municipal and school education management (US\$18.2 million)

- 2.10 The changes in departments and municipalities participating in the program will be based on the design and implementation of education reform management plans and the changes in school management will be based on the establishment of school governments with participation by parents and the community and school management plans that will create capacity in the new schools for independent participative management. Compliance with the goals in their management plans will entitle the departmental governments and schools to incentives, as described later.²²
- 2.11 The funds for this component will mainly be used to provide technical assistance in preparing and implementing departmental, municipal and school management plans, thereby contributing to reform of the system based on the long-term vision described in the previous chapter. It is expected that between five and eight departments and 100 and 160 municipalities will participate in the program and that existing schools can be reorganized and consolidated into between 500 and 800 schools offering children basic education up to grade 9. Since the departments and municipalities will enter the program voluntarily, the number of interventions proposed responds to expressions of interest by the departments and their capacity to participate in the program and reflects the funding that the government has allocated to this initial stage in the reform process it is promoting in the sector.

a. Departmental plans to reform education management (US\$4.5 million)

- 2.12 Departmental plans to reform education management establish the commitments to change to be made by the departments under the program. The departmental plans seek to: (a) strengthen the capacity of the departments to carry out their functions of inter-municipal guidance and coordination and provide technical assistance to support the development and management of education in municipalities with all-grade schools; (b) support the process of rationalizing the teaching staff and reallocating resources within the department, in accordance with the guidelines established in the recent law enacting the national

²² See component 2 on incentives to improve education management and annex II-1.

development plan, as reflected in the goals for rationalization agreed upon with the Ministry of Finance and the National Planning Department (DNP); and (c) work on a timetable toward certifying eligible municipalities in their jurisdictions and delegating functions to the other municipalities to enable them to distribute their human resources on a formula basis and develop new municipal education management models based on all-grade schools or on other innovative forms of independently managed public schools.

- 2.13 The operation will cofinance the formulation and execution of between five and eight departmental plans, through technical assistance to promote the program in the departments, establish departmental teams, design the plans, design or adjust information systems for human and financial resource management, rationalize teaching staff by replacing nationally-funded positions with departmental and municipal positions, certify municipalities, and allocate teaching positions to the municipalities based on formulae that take account of the school-aged population, existing enrolment and unit costs by level and geographic area. The program will also provide financing to strengthen demand for and the supply of technical assistance to establish a qualified regional market to support the introduction and sustainability of the reform and will promote studies and research to evaluate the allocation of resources and propose alternative mechanisms.

b. Municipal plans to reform education management (US\$3.1 million)

- 2.14 The plans to reform municipal education management will be coordinated with the different local players in the sector and their purpose will be to establish (or strengthen) municipal technical capacity to manage education (planning, resource allocation, monitoring and evaluation, accountability, and supervision by society) and to guarantee the delivery of education services. The plans will establish a map of the municipal education system, including a proposal to reorganize institutions into all-grade schools and provide complementary services, and will transfer powers to those schools under agreements to permit them to independently manage their financial and teaching resources and to involve parents and communities in school governments. The municipal plans will seek in particular to change the way in which human and financial resources are currently allocated to schools into a formula-based system that contains objective indicators for enrolment, school-aged population, rural character, etc. The plans may include innovative experiments in independent management in the new schools created to expand the supply of education in the community (see paragraph 1.50).
- 2.15 The program will finance the design and execution of between 100 and 160 municipal plans. This translates into funding for technical assistance to draw up the plans, obtain social consensus and mobilization in establishing the map of the system, implementing the education management information system in the municipalities, creating a single purse for managing all funds for education in the municipality, establishing formula-based mechanisms to allocate resources

(teaching staff and funds to cover recurrent costs) to the schools, and creating municipal capacity to interact with the new schools and to manage the contracting of complementary services or to provide those services under alternative methods, and to administer the incremental costs of infrastructure and quality. The program will also finance basic equipment for operating the municipal education management information systems and connect them in networks.

c. School management (US\$9.1 million)

- 2.16 This subcomponent seeks to develop and strengthen independent management in from 500 to 800 all-grade schools by establishing school governments and designing and implementing their school management plans.
- 2.17 In conjunction with the municipalities, the program will provide technical assistance to promote active ties with the community and parents in managing the new schools, establishing schools governments with participation by them and teachers, and collectively planning their school management plans, which will include a baseline, goals, activities (particularly related to the management of information and teaching and financial resources) and equipment to consolidate the tools and processes for independent and participative management.
- 2.18 Once the school management plans have been defined, the program will cofinance their execution. The school governments will be responsible for contracting technical assistance and procuring goods and equipment. The program will assist the schools in executing their plans and will promote a qualified regional technical assistance market to provide services for the schools.
- 2.19 The program will also finance technical assistance for municipalities that are willing to increase coverage, based on innovative experiences in school management, such as the long-term concessions to establish independently-managed public schools that are being promoted in some districts and municipalities, or the contracting of nongovernmental suppliers to provide the service, among others.

d. Training for school principals (US\$1.5 million)

- 2.20 This subcomponent seeks to strengthen the management capacity of the administrative teams of up to 800 all-grade schools to enable them to carry out their new functions and promote on-going development of school management. Work will focus on the design, organization and development of a specialized program in school management, under agreements with a group of first level universities, and financing for school principals to participate in the diploma course.

**2. Component 2. Incentives to improve education management
(US\$30 million)**

2.21 This component will grant monetary incentives to departments, districts, municipalities and all-grade schools participating in the program, depending on their compliance with the commitments contained in the management plans included in component 1. These incentives may only be used by the lower levels of government and schools for nonsalary educational costs. The program will also award prizes to teachers ranking highest in the evaluations called for in the development plan.

2.22 The component is organized into four subcomponents.

a. Incentives for departments (US\$8 million)

2.23 The purpose is to encourage the departments to comply with the goals set out in their education management reform plans, with special stress on the formula-based allocation of resources to the municipalities, rationalization of teaching staff within the department based on efficiency and equity, and transfer of powers to the municipalities, including certification of eligible municipalities. All the incentives will require approval by the national program committee and the national coordinating unit, which will grant a percentage of the incentive when the plans are approved and the rest in tranches depending on progress toward the goals.

b. Incentives for municipalities (US\$10 million)

2.24 The purpose of this subcomponent is to encourage the municipalities to comply with the goals set out in the education management reform plans defined under component 1, with special stress on establishing a single purse of funds, distribution of funds to schools in the municipality based on a formula that includes equity and efficiency criteria, and the transfer to all-grade schools of functions permitting their self-management. The incentives will be awarded by the program through the departmental committees, with the approval of the national coordinating unit, in tranches depending on progress toward the goals of the municipal management plans.

c. Incentives for all-grade schools (US\$ 10million)

2.25 Incentives for schools will be distributed as follows: (a) 50% to schools that achieve the minimum goals relating to organization and operation established in the school education plans; and (b) the remaining 50% to schools that achieve a high degree of independence in managing their teaching and financial resources, and high participation by parents and the community in school administration, based on the opinion of an external evaluator. The incentives will be distributed by the program at the request of the municipal education committees, with the

approval of the national coordinating unit and an evaluating agency established by each departmental committee to certify the progress made in these schools. The program will also grant incentives for innovative experiences in self-management in new public schools established to expand the coverage of municipal basic education. In this case, the incentive may be paid in a lump sum.

d. Incentives for teachers (US\$2 million)

- 2.26 Teachers ranking in the top 2% in the national quality evaluations will be awarded prizes. The incentive will be granted by the program through the MEN. They will be awarded biannually, since the evaluations recently established in the development plan are also biannual.

3. Component 3. Information for education management and quality (US\$14 million)

- 2.27 The objective of this component is to promote and facilitate the production of timely and useful information for decision making and community participation. The specific goals are to: (a) support management of the school system by strengthening the capacity to process, analyze and use information by all levels in the sector and in the community; (b) promote a national education information service to circulate and provide free access to information on the status of education quality, management and coverage, for use by the community and all the agents in the system; and (c) create a culture of information use for management, decision making, accountability, and citizen participation in monitoring the results.

a. Education evaluation and studies (US\$11 million)

- 2.28 Program funding will be used to develop standards in mathematics, language, and social and natural sciences for grades 3, 5, 7, 9 and 11. Experts will be hired to examine existing curricula, the standards implicit in the ICFES and SABER tests and the results obtained by Colombia in international testing. The standards will be widely publicized for the information and use of the parties directly interested and they will be reader friendly. The administration of national tests to evaluate achievement in four areas of learning in four grades (SABER tests) will also be financed. The first group of tests was administered to grades 3 and 5 in 1997-1998 in mathematics and language (the results were recently made public) and to grades 7 and 9 in 1998-1999. The tests will be written each year according to the following timetable: in 1999-2000, grades 3 and 5, social and natural sciences; 2000-2001, grades 7 and 9, social and natural sciences; 2001-2002, grades 3 and 5, mathematics and language; and 2002-2003, grades 7 and 9, mathematics and language. The database on the tests will be available to everyone for consultation.
- 2.29 The program will finance across-the-board testing in the municipalities to evaluate school results. The tests will be administered in all the municipalities in

the program as follows: a sensitization process will be carried out during the first year of the program for grades 3 and 5; the tests will be administered in the second year; and in the third, achievement in different schools will be compared. Materials for grades 7 and 9 will be prepared during the first year; sensitization will be carried out in the second year; and the tests will be administered and corrected in the third year. A general evaluation will be performed in the fourth year of the program to obtain relevant information to begin extending the process throughout the country.

- 2.30 Apart from the tests, the financing will cover training, seminars, publications and other dissemination activities and practices for the participating municipalities and schools. The MEN will prepare banks of tests and items for the schools, the departments and the municipalities, and will also conduct seminars and training courses and provide consulting services to promote their dissemination and use. Before the end of 1999, a detailed plan of action will be presented to the Bank for the dissemination and use of test results by all potential users, including schools, teachers, students, parents, companies, politicians, the community in general, local and regional education authorities and textbook publishers. Implementation of this plan will be examined during the annual reviews of progress reports.
- 2.31 Financing will be provided for studies and research on factors associated with learning, on schools with better-than-average results given the socioeconomic level of their pupils (e.g. 'effective schools'), and on the use of the results of the tests by the different parties. The program will also support Colombia's participation in two international tests sponsored by the International Association for Educational Assessment (IEA): (a) the Progress in International Reading Literacy Study (PIRLS) to be administered to grade 4 in the year 2000; and (b) the Fourth International Mathematics and Science Survey (FIMSS) to be administered in 2003. This test will be particularly important, since it will permit progress in mathematics and science to be compared with the survey administered in Colombia in 1996.
- 2.32 Last, this subcomponent will include participation by Colombia in a regional pilot program together with up to four other Latin American countries, intended to strengthen the teaching of mathematics and science in secondary schools, using multiple media, including computers and the Internet. The objective is to prepare course contents, materials and training programs for teachers in these areas, to be used throughout the system as the costs of information technologies become more accessible. In Colombia, the program will be coordinated with existing and future plans to develop computer-based learning.

b. Information for management (US\$3 million)

- 2.33 This subcomponent is intended to modernize education management in two aspects: national education information and the information required to support decentralization and local school management. The standards for this component

will be designed jointly by the Ministry of Education, the Ministry of Finance and Public Credit, and the National Department of Planning.

- 2.34 Studies and consulting services will be financed to implement a national education information highway. The network will be administered by the MEN and will promote the open use of indicators for appropriate inputs and results on each institutional level. A web site will provide information on the program and other sector information that is of use to the community in general, and will also facilitate access to information on the participating institutions. Once communications have been established among the different agents and levels, a web hosting service will be provided so that each school can publish a page with information about the institution, its plans and projects and, in general, experience that could be useful for its peers.
- 2.35 The following will be financed on the national level: (a) preparation of a directory of schools; (b) support for organizing a single teacher registry; (c) consulting contracts and equipment purchases to strengthen the MEN's capacity as administrator of the education information highway; and (d) studies on modernizing educational statistics, consistent with the changes being made in OECD and Latin American countries.
- 2.36 Support for decentralization will study existing information tools in schools to adjust contents and design indicators that can be used by the schools for decision making and result monitoring. The program will stress the development or consolidation of departmental and municipal education information systems that include information for management by the lower levels of government and the new schools. Funds will be provided to procure computer equipment and applications to support interconnection in order to facilitate access by the municipalities and schools to the information network, and horizontal cooperation among the lower levels of government will be supported.

4. Component 4. Communication and social mobilization (US\$5.8 million)

- 2.37 The actions under this component will place educational issues on the national agenda as priorities and will lead to a broad dialogue among all the social players, facilitating consensus on education objectives and responsibilities.

a. Research and monitoring of public opinion (US\$700,000)

- 2.38 This subcomponent will develop: (a) research on public perception; (b) a qualitative study on the opinions of the main social sectors with direct interest in reform of the school system; and (c) studies to monitor opinion to learn about reactions to public debate on the education situation, reform proposals, and the achievements of the program. These studies will make it possible to establish baselines and to observe and assess changes brought about by program activities

in public perception and opinion. The research and monitoring activities will be conducted by firms specializing in investigation and social marketing.

b. Communications (US\$3.8 million)

- 2.39 The purpose of communications activities is to build a widespread and verifiable conviction in society that basic education should be geared to the 21st century, with the concomitant need for reforms in the current education system. Communications will promote discussion for national consensus on education.
- 2.40 The following will be financed: (a) multimedia campaigns on the role of education and how it will be strengthened by the program; (b) special events to promote discussion on education for the 21st century and the most suitable ways of managing it on the national and regional/local levels, stressing presentation of the program in the departments and municipalities that have agreed to participate; and (c) support for the program's other components through the design, production and reproduction of materials to publicize the program at special events or open meetings.

c. Participation by society (US\$1.3 million)

- 2.41 Actions to foster social participation will create a good climate in the country for developing the proposed school system and moving ahead in transferring models and new processes for education organization and administration. It will build a social base for change throughout the country.
- 2.42 The program will finance communications activities directly with the educational community to publicize the new self-management of education. The activities will be carried out by universities, mixed enterprises or local NGOs and similar entities, using communications methods already tested by the MEN with 200 universities and NGOs in a program to support the introduction of pedagogical reforms in approximately 7,000 schools, with active participation by the student body, teachers, principals and parents.

5. Component 5. Follow-up and evaluation (US\$2.5 million)

- 2.43 The follow-up and evaluation component will monitor the program as it is being carried out, evaluate achievement of the goals and ensure that the original guidelines are complied with. Follow-up will be performed on two levels: (a) execution and monitoring of the agreements with the departments and municipalities; and (b) identification of the core elements of an effective school system through a study of the impact that the changes in resource allocation and in education management on the lower levels have on quality, efficiency and equity. The reports will be used by the borrower, the executing agency and the Bank as the basis for evaluating headway in the program.

a. Monitoring of internal processes (US\$600,000)

- 2.44 The purpose is to evaluate compliance with the physical and financial goals and the criteria established in the program Operating Regulations. External consulting services will be hired to help monitor progress in the program, based on the goals and education reform plans contained in the agreements. Regular reviews will be made of the reports by the executors of the different components to ensure that design specifications are being complied with and the information compiled by the coordinating unit will be studied to determine the program's internal efficiency and effectiveness.

b. Evaluation of results (US\$1.9 million)

- 2.45 Independent academic institutions will be hired to study the results of the sector management program on the departmental, municipal and school levels and academic performance. Particular attention will be paid in the analysis to the following areas:

- a. **Resource allocation.** Observation of changes in the way resources are allocated between the different levels (vertical) and within each of them (horizontal).
 - b. **Institutional capacity and education management.** Observation of changes in the capacity of sector institutions and structures to provide better management in aspects such as direction, technical support, introduction and use of information systems for decision making, organization of education services, execution of the actions established in the plans, and evaluation of the results.
 - c. **Independence.** Observation of changes brought about by decentralization of critical decisions for the functioning of the sector.
 - d. **Expansion of coverage and school retention rates.**
 - e. **Public information and citizen participation.** Observation of changes in the mechanisms for communicating management results to the general public.
- 2.46 The component will also compile information for evaluating learning by students, which will be used for a general evaluation of the program prior to its completion, together with indicators on how well management and resource allocation processes function.
- 2.47 The activities of this subcomponent will produce a record of changes and an analysis of the impact of program interventions on management practices. Research will also be conducted on the links between improvements in system management and results in terms of coverage, permanency and quality, and studies will be made of best practices for their subsequent dissemination.

D. Program cost and financing

- 2.48 The program will cost US\$76 million, with the Bank financing US\$36 million or 47.4% from the ordinary capital. The government will finance the remaining US\$40 million (52.6%) from the MEN's annual investment budget. Distribution of the financing by component and investment category is shown in the following table.

Program costs (US\$ millions)				
Category	IDB	Local	Total	Percentage
Program management and administration		3.6	3.6	4.74
Direct costs				
Education management on the lower levels of government and in schools:	10.0	8.2	18.2	23.95
-Consulting services	8.1	6.6	14.7	
-Equipment	1.1	0.9	2.0	
-Training	0.8	0.7	1.5	
Incentives to improve education management	13.0	17.0	30.0	39.47
Information for education management and quality	7.0	7.0	14.0	18.42
- Consulting services	3.0	3.0	6.0	
- General support and services	4.0	4.0	8.0	
Communications and social mobilization	2.9	2.9	5.8	7.63
-Consulting services	1.5	1.5	3.0	
- General support and services	1.4	1.4	2.8	
Follow-up and evaluation	1.2	1.3	2.5	3.29
- Consulting services	1.2	1.1	2.3	
- General support and services		0.2	0.2	
Financial costs	0.4		0.4	0.53
- Inspection and supervision	0.4		0.4	
PPF	1.5		1.5	1.97
Total	36.0	40.0	76.0	100.00

Does not include the credit fee or interest during execution, which will be financed from the government's general budget.

- 2.49 Bank financing will be subject to the following conditions:

Amortization period:	25 years
Disbursement period:	4 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%
Currency:	US\$ from the single currency facility

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The borrower will be the Republic of Colombia and the executing agency will be the Ministry of Education (MEN) through a coordinating unit that will report directly to the minister. Some of the program's components will be executed by the line agencies of the MEN with assistance from the coordinating unit.
- 3.2 The program will have a board of directors that will be responsible for establishing policies and monitoring the results. The board will be chaired by the Minister of Education and its members will include the Vice Minister of Basic Education, the Technical Secretary of the MEN, two departmental secretaries of education, one representative of the Ministry of Finance and Public Credit and one from the National Planning Department. A program committee will also be established to support the board of directors in awarding incentives and program monitoring. The committee will be chaired by the Technical Secretary of the MEN and will include the Ministry's directors of support for decentralization and planning. Other Ministry directors may be invited to participate in the Committee depending on the issue to be addressed at the meeting concerned. The program coordinator will act as secretary of the board of directors and of the programming committee. Establishment of the program's board of directors is a condition precedent to the first disbursement.
- 3.3 **Coordinating unit.** The CU will be responsible for: (a) providing general and methodological guidance and coordinating and supervising execution of the program in accordance with the guidelines outlined by the MEN and set forth in the loan contract; (b) making decisions on the allocation of resources in accordance with the criteria established in the Operating Regulations, monitoring the allocation and use of incentives as well as the use of program resources administered at the territorial level; (c) working jointly with other MEN departments to coordinate and execute technical assistance for the territorial entities, management training, and communication measures at the national level; (d) coordinating and supervising execution of the management information and educational quality component; and (e) reporting to the MEN and the Bank on program headway and results and on the administration of resources. The CU will receive operational support from the MEN's External Financing Unit in the fields of management and administration, procurement, payments to suppliers of goods and services, and transfers to the lower levels of government and schools. Ad hoc program administration bodies will be established in the departments and municipalities and the CU will provide support for their organization and operation. Establishment of the CU, designation of the coordinator, and placement in effect of the program Operating Regulations will be conditions precedent to the first disbursement.

3.4 **Participation by other MEN units.** The actions in the component on information for education management and quality will be executed by the Directorate of Technical Services and the Directorate of Organization of the MEN, with support from the National Testing Service. The Directorate General of Research and Pedagogical Support and the Directorate of Support for Decentralization will be represented on the program committee and will support activities on the lower levels and monitor the plans for education reform in the departments and municipalities. Financing will be provided for training for professionals currently employed by the ministry to strengthen their capacity and facilitate their active involvement in advising the lower levels of government and in monitoring the goals established for each component.

3.5 **Agreements.** The MEN will sign execution agreements with the departments and districts participating in the program. They will include plans for education reform and will establish management goals on this level, the expected changes in resource allocation, the different services and costs of the activities to be financed, the conditions for awarding incentives, and commitments to produce and disseminate the information needed for institutional and community follow-up on the goals. These agreements will be fully consistent with the performance contracts signed by the departments with the Ministry of Finance. Similar agreements and education reform plans will be signed between the departments and municipalities to establish baselines and commit financing for the municipal programs. The following will be conditions precedent to the first disbursement: (a) approval by the Bank of the plan of execution for year one, which will identify the first four departments that will participate; and (b) signature of agreements with at least two departments. The Bank will review the agreements between the MEN and the departments as they join the program and its nonobjection will be required prior to committing the respective financing.

B. Participation by civil society

3.6 **School government.** Schools offering grades 1 to 9 will have a school government composed of directors (the principal and a director for each subfacility, if the school has any), teachers, parents' representatives and representatives of civil society. The school government and the principal will be responsible for formulating and executing the school management plans, monitoring activities, using the incentives, accountability and evaluating the results.

3.7 **Participation by universities, mixed enterprises and NGOs.** For execution on the local level, civil society entities will be contracted to assist the local authorities in organizing the new schools and publicizing program activities. The MEN will use universities, mixed enterprises and NGOs for that purpose and communications, social mobilization and technical assistance methodologies that have been successful in earlier programs financed by the MEN, in which some 200 universities and regional and local NGOs have participated. In this new

program, the universities, mixed enterprises and local NGOs will be responsible for training, initial technical assistance and monitoring of the organization of the all-grade schools.

C. Eligible costs

- 3.8 **Incentive payments.** Incentives for the lower levels of government will be distributed in tranches, based on the performance goals and indicators established in the agreements and education reform programs. The incentives for departments and districts will be distributed by the MEN after reviewing compliance with the goals. Incentives for municipalities will be proposed by the departmental education committees and reviewed by the MEN to ensure that program criteria have been properly applied. Incentives for schools will be authorized by the MEN on the proposal of the departmental education committees, supported by external evaluations. The schools will establish bank accounts to manage these funds and will be free to use their incentives to purchase goods and services.
- 3.9 **Consulting services.** Consulting and technical assistance services for departmental support and municipal certification will be contracted by the CU for the departments and districts. Services to strengthen municipal education systems and school management systems will be contracted by the departments or municipalities, after the CU has examined the proposals and given its nonobjection.
- 3.10 **Training.** Training for school principals and directors will be contracted with first level academic institutions, through public competition. Training on the local level to support the new systems and innovative management experiences will be performed by local consultants, universities, mixed entities or specialized NGOs.
- 3.11 **Contracts with universities, mixed entities and local NGOs.** The MEN will sign contracts with institutions of this kind to support and monitor the organization of schools offering grades 1 to 9 and introduction of the new school management systems. Payments will be made based on the schedules established in each contract, using compliance with the goals as the yardstick. The project team will review the terms of reference, and contracting procedures acceptable to the Bank will be used.
- 3.12 **Information systems.** The program will focus on preparing standards, the production or procurement of applications, systems consulting and technical assistance and training to facilitate interconnection. Funds in the amount of US\$200,000 have been set aside to contract a web hosting service and for ad hoc support in procuring equipment for the departments. These procurements will be made through local competitive bidding. The purchases necessary to implement the administration systems in the schools will be made by the schools themselves.

- 3.13 **Achievement tests.** The SABER tests and across-the-board tests in the municipalities will be administered by the MEN with the assistance of the National Testing Service (SNP), which will be responsible for establishing, operating and maintaining a bank of standardized tests. Administration of the tests, their analysis and dissemination of the results will be contracted with entities outside the MEN and the SNP.
- 3.14 **Communications and dissemination.** Social communications and dissemination will be contracted with specialized local firms and national and regional media. The studies to monitor perceptions and opinions on education and program activities will be contracted with local consultants specializing in this field.
- 3.15 **Publications.** The guidebooks and manuals to be used in the program will be procured through local competitive bidding.

D. Transfers of funds

- 3.16 Transfers of funds to the departments, municipalities and schools will be governed by the Operating Regulations. Funds for technical assistance and training will be transferred to the lower levels of government and committed with the agreement of the CU. Disbursements for incentive payments will be authorized by the CU and administered in trusts set up by the departments and municipalities, which will disburse them to the beneficiaries. Payments for goods and services for the components involving information for education management and quality and social communications will be authorized by the CU.

E. Procurement ceilings

- 3.17 Contracts will be awarded in accordance with Bank procedures. International competitive bidding will be held for contracts for goods worth more than US\$350,000 and for consulting contracts worth over US\$200,000. The caps applicable to contracts for social communications and training services will be the same as for consulting services. Training, social communications and consulting contracts will be governed by the requisite of prior consultation with the Bank for individual contracts worth more than US\$50,000 or the equivalent in local currency and for contracts with firms worth more than US\$100,000 or the equivalent. The program does not include financing for physical infrastructure (see annex III-1, procurement plan).

F. Revolving fund

- 3.18 It is recommended that a revolving fund of up to 5% of the loan be established.

G. Commitment and disbursement periods

- 3.19 The commitment and disbursement periods will be three and four years, respectively, counting from the date on which the loan contract becomes effective.

H. Evaluations

- 3.20 The borrower, through executing agency, the program Board of Directors, and the Bank, will hold follow-up meetings to evaluate technical quality and progress in the program, based on the indicators for physical goals established in the logical framework and the information compiled under the follow-up and evaluation component during execution. The timetable for the meetings will be: two meetings in the first year (one at the end of each half); annual meetings at the end of the second and third years; and a meeting in the final quarter of the fourth year of the program. The first meeting will review and update the annual goals, indicators of results, and baselines to measure impact in the departments and municipalities that have joined the program during the first year; in the meetings in years two and three, the goals and execution plans for the following years will be revised; and the final meeting will evaluate results and good practices that will furnish relevant information to replicate the program in other departments and municipalities (see annex III-2, logical framework).

I. Ex post evaluation

- 3.21 The government did not feel that an ex post evaluation of the program was necessary. However, results will be evaluated at the end of year four.

J. Auditing

- 3.22 Starting in the first year and continuing during execution, the program's financial statements will be presented by the MEN to the Bank, audited by the Comptroller General of the Republic following procedures established by the Bank.

IV. FEASIBILITY, BENEFITS AND RISKS

A. Program feasibility

- 4.1 It is expected that the technical assistance and monetary incentives provided under the program will promote institutional decisions in the participating departments, municipalities and schools that will lead to more efficient allocation of teaching staff, which will help to curb rises in spending and unit costs in the sector, and achieve greater independence in education management in municipalities and schools: (a) in the departments, technical assistance and incentives will lead to an effective transfer of responsibilities to the municipalities so they can manage all their teaching staff and will promote certification of eligible municipalities which will permit them to exercise administrative independence and unified management (or single purse) of the departmental and municipal transfers for the sector; (b) in the municipalities, teachers and funds will be allocated to schools on a formula basis and management of these resources will be transferred to the schools; and (c) in the schools, the program will help to create institutions offering grades 1 to 9 that are self-managed and can guarantee children a good quality basic education and access to all complementary education services.
- 4.2 Public information and monitoring the results of schooling in the municipalities will begin to form part of local political life and be taken into account by voters in municipal and departmental elections. Empirical evidence to date indicates that in the municipalities that have already taken over these responsibilities in Colombia (Bogota, for example), the processes of local public choices in education have been strengthened, more funds are being spent on the sector, and closer attention is being paid to the long-term results of the education process.

B. Benefits

- 4.3 By applying plans to reform education management, the program will promote more efficient and equitable allocation of teaching and financial resources in the participating levels of government by using formulae that take account of the school-aged population, existing enrolment and unit costs by level and geographic area. These changes in the mechanisms for allocating resources will reduce inequities between municipalities and schools which, in turn, will make it possible to curb growth in unit costs in the sector, increase school coverage and make it possible for children to remain in school longer.
- 4.4 The creation of schools offering all grades in the basic cycle and introduction of the new education management practices in the municipalities and the schools will improve student retention in the system and increase the number of years of education.

- 4.5 The program will grant incentives for independent school management and for transferring responsibilities for teacher allocation to municipal governments and foster local participation in school development. Education administrators will make more efficient use of the resources available, based on local conditions and needs, and the players in the education process will be encouraged to think and behave with greater commitment to achieving higher levels of efficiency and quality and to bring schools closer to the community.
- 4.6 The program will promote reorganization of the powers of the different levels of government in the field of education. First, it will strengthen the MEN's leadership in defining policies and general strategies for the sector. Second, it will redefine the role of the departments as intermediaries between the center and the municipalities and boost their capacity to supervise and provide technical assistance. Third, the municipalities will have greater capacity to manage sector resources. Last, schools will be able to exercise independent and participative management.
- 4.7 System organization and administration based on institutional autonomy and cohesion will reduce operational demands on the more senior levels, allowing them to play stronger roles in designing and tracking sector policies and assuring the quality of education. As a consequence of organizing a system with clear assignment of powers and responsibilities, education in Colombia can be managed with greater simplicity and effectiveness.
- 4.8 The information component for education management and quality will permit the MEN to respond to demands for information to monitor and evaluate results on the national level and will guide general strategies for information and evaluation throughout the education system. Access to transparent information will strengthen the role of civil society in monitoring and controlling public education in the country.
- 4.9 Last, systemization and dissemination of good education management practices will make it possible to extend the reforms promoted by this program, laying the groundwork for systemic change in the whole education sector.

C. Risks

- 4.10 Success in establishing schools that offer all grades from 1 to 9 and innovative experiences in school self-management will require a high degree of commitment and technical capacity on the part of the municipalities and schools. The program will only be carried out in areas that are willing to implement reforms in school management and have the capacity to make changes in the way in which teaching and financial resources are allocated, with a view to improving the quality, efficiency and quality of education services. Thus far, several departments have expressed interest in participating in the program and it will be promoted in municipalities and schools and among the members of the local community and

- parents, through NGOs with broad experience in activities of this kind. In addition, the program will finance specialized technical assistance for the participating municipalities in aspects of education management and will provide logistical support and training for the administrative staff of schools in mounting operating systems for the independent and efficient management of all-grade schools and advanced training for school principals and teaching directors in better school management.
- 4.11 Another risk of this operation has to do with the apprehension it may awaken in key agents in the sector, based on the actions it will support. There is the possibility that the proposed program may be interpreted negatively by some players in the sector, which could generate opposition to it and stand in the way of its success. To mitigate this risk, component 4 of the program will establish consensus and conduct a series of information and communications campaigns, including use of the media. One of the fundamental strategies of that component is to ensure that the public and teachers are informed about the true scope and purposes of the program, build a consensus regarding the need to improve the management of education resources and schools, and disseminate the successful results obtained during execution. The government has repeatedly expressed its political will to carry out the changes proposed in its development plan and in the program with the Bank, under the frame of constructive dialogue with professors and teachers, with a view to quickly obtaining their support for the reforms in system management. Maintenance of this political will and on-going dialogue will ensure growing support for the proposed reforms by these key agents.
- 4.12 One of the problems facing processes of institutional change such as the one promoted by the program in the current decentralized context in Colombia – in the education sector and in other sectors in which federal responsibilities have been transferred to lower levels of government – is that it is difficult to achieve continuity of the changes over time, given the short political cycles, with departmental and municipal elections every three years and the prohibition on consecutive reelection. In the case of the certified municipalities there will be no risk that the measures taken under the program will be reversed, since the transfer of responsibilities is final and is regulated by law. However, there may be a risk of reversal in the uncertified municipalities. The program will address this risk through: (a) the benefits to be paid to municipal governments that allow independent management of resources and the release of funds to be used, not for teaching staff, but to expand coverage and improve quality; (b) the working methodology that gives priority from the outset to community involvement and local consensus building regarding the actions and mechanisms to be developed and introduced under the program; and (c) the provision of technical assistance and training for technical teams in departmental and municipal departments of education.
- 4.13 Last, institutional weakness in the MEN in carrying out its role as lead agency in the sector, particularly with regard to defining sector policies and strategies,

systematic evaluation of education quality and achievements, and the dissemination of good practices and successful experience among the lower levels of government could pose a risk for adequate monitoring and evaluation of program impact, stand in the way of learning lessons from it, and limit future use of the results in gradually improving the education system. The current government has taken up the reins of sector leadership and undertaken to strengthen it and the program will bolster key areas in the MEN, such as the units responsible for decentralization and national and municipal testing, to ensure adequate monitoring of results. This, together with permanent follow-up and evaluation during the program, will provide the authorities with information to promote better performance by the schools. Also, the involvement of local NGOs and information campaigns in the media will facilitate cooperation between the MEN, the departments and the municipalities and the other players in the system, strengthening communications and constructive dialogue and making it possible to jointly seek solutions for improving basic education in Colombia.

Central government transfer payments to the lower levels of government, 1990-1998, as a percentage of current national income, public spending and GDP

As a percentage of current national income									
Item	1990	1991	1992	1993	1994	1995	1996	1997	1998
Departmental transfers	21.1	18.5	19.1	20.1	22.1	22.8	23.8	23.8	23.9
Municipal transfers	10.4	10.0	12.4	12.8	13.0	14.6	15.7	16.7	17.6
Cofinancing	6.9	6.2	6.0	4.5	5.3	7.1	8.6	8.2	7.4
Royalties	5.8	3.6	3.4	3.2	2.8	2.9	2.3	2.1	1.7
National Royalty Fund	--	--	--	--	1.1	1.2	1.1	1.4	1.4
Total	44.1	38.3	40.8	40.6	44.3	48.7	51.5	52.3	52.0
As a percentage of consolidated national public spending									
Item	1990	1991	1992	1993	1994	1995	1996	1997	1998
Departmental transfers	14.7	13.9	14.4	14.8	15.3	14.7	17.2	17.6	17.9
Municipal transfers	7.2	7.5	9.4	9.4	9.0	9.5	11.3	12.3	13.2
Cofinancing	4.8	4.7	4.5	3.3	3.7	4.6	6.2	6.1	5.5
Royalties	4.0	2.7	2.6	2.3	2.0	1.9	1.6	1.6	1.3
National Royalty Fund	--	--	--	--	0.8	0.8	0.8	1.0	1.0
Total	30.7	28.8	30.8	29.8	30.6	31.5	37.3	38.6	38.9
As a percentage of GDP									
Item	1990	1991	1992	1993	1994	1995	1996	1997	1998
Departmental transfers	2.1	2.1	2.2	2.5	2.8	2.7	3.3	3.4	3.6
Municipal transfers	1.0	1.1	1.4	1.6	1.7	1.7	2.2	2.4	2.6
Cofinancing	0.7	0.7	0.7	0.6	0.7	0.8	1.2	1.2	1.1
Royalties	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
National Royalty Fund	--	--	--	--	0.1	0.1	0.2	0.2	0.2
Total	4.3	4.3	4.7	5.1	5.6	5.8	7.1	7.5	7.8

Source: Consejo Nacional de Política Económica y Social, Document DNP-2788

Total spending/students enrolled in primary and secondary public schools
1996
(current dollars)

Department/ district	Total spending on education* (*)	Enroll- ment	Depart- mental transfers per student	Municipal transfers per student	Total spending/ student
Amazonas	9,703,622	11,949	579	36	812
Antioquia	336,913,731	883,029	226	56	382
Arauca	25,926,934	38,215	339	36	678
Atlántico	61,686,393	133,798	263	56	461
Barranquilla	49,318,695	107,068	268	78	461
Bolívar	69,628,283	241,215	168	49	289
Boyacá	132,544,080	269,518	342	76	492
Caldas	89,145,427	187,663	342	56	475
Caquetá	35,481,930	71,710	365	56	495
Cartagena	41,401,194	105,859	305	54	391
Casanare	25,401,300	45,811	302	69	554
Cauca	83,558,574	223,640	254	51	374
Cesar	61,721,920	178,217	250	52	346
Córdoba	95,294,462	164,085	360	83	581
Cundinamarca	159,920,683	302,252	367	80	529
Chocó	46,315,570	167,925	194	30	276
Guainía	8,749,539	4,328	1,451	48	2,022
Guaviare	9,899,176	13,026	519	58	760
Huila	84,025,902	173,043	269	56	486
La Guajira	30,868,178	90,682	261	45	340
Magdalena	57,244,768	160,522	208	57	357
Meta	40,972,819	113,058	266	57	362
Nariño	119,205,140	238,396	326	65	500
Norte de Santander	91,284,300	216,744	306	53	421
Putumayo	26,940,228	52,857	311	54	510
Quindío	47,413,784	91,299	383	45	519
Risaralda	71,073,261	146,791	309	48	484
San Andrés	10,100,460	12,015	540	44	841
Santa Marta	26,443,227	56,410	349	35	469
Santa Fe de Bogotá	332,608,189	615,206	296	59	541
Santander	141,865,677	329,133	313	62	431
Sucre	58,368,786	158,651	224	50	368
Tolima	102,803,512	262,912	284	56	391
Valle	196,123,595	505,583	265	61	388
Vaupés	7,726,781	5,882	1,083	66	1,314
Vichada	9,097,132	8,831	708	36	1,030
Nacional	77,192,352				
TOTALES	2,873,969,604	6,387,327	284	58	450

* Total spending on education includes departmental transfers, the municipal share of the government's current income, cofinancing transfer from the MEN, own departmental and own municipal resources.

Source: DNP-UDT-UIP, MEN-DS, FIS, departments and districts

Enrollment in public schools according to DNP-Misión Social

*Estimated on the basis of information reported in 1995

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DISTRIBUTION OF THE MINISTRY OF EDUCATION’S OPERATING AND INVESTMENT BUDGET BY LEVEL

(millions of current pesos)

	1990	1991	1992	1993	1994	1995	1996
Education	2.27%	2.16%	3.08%	2.82%	2.59%	2.88%	2.75%
	1.61%	1.58%	1.66%	1.95%	1.83%	1.93%	1.99%
Education	0.25%	0.40%	0.38%	0.38%	0.56%	0.92%	1.15%
	0.05%	0.12%	0.12%	0.14%	0.15%	0.27%	0.24%
Education	2.52%	2.56%	3.45%	3.20%	3.15%	3.80%	3.90%
	1.68%	1.76%	1.89%	2.17%	2.21%	2.59%	2.65%

of Education
ce and Public Credit
ent, DNP, UMACRO, UDT

**PERCENTAGE OF SPENDING ON EDUCATION
SERIES 1990-1995**

Year	Education administration	Primary education	Secondary Education	Higher education	Other education	Auxiliary services	Total
1990	8.64	40.95	34.16	15.21	0.95	0.10	100
1991	7.21	40.87	34.38	15.60	1.86	0.08	100
1992	8.19	44.55	32.27	12.58	2.29	0.12	100
1993	8.92	43.16	31.68	13.86	2.09	0.28	100
1994	10.85	39.78	30.27	17.69	0.97	0.44	100
1995	10.01	43.89	28.82	15.88	1.01	0.39	100

es

Education administration. Ministry of Education administration, ICFES, ICETEX. Administration buildings, includes transfers to education agencies.

Primary education. Elementary education, school construction and other related works. Teachers' salaries. Maintenance and procurement of school furnishings.

Secondary education. Secondary education, training for INEM teachers, polytechnicians, normal school teachers, grants for this purpose. Buildings for these purposes.

Higher education. University education, specialties, non-university higher education, grants and buildings for this purpose.

Other education. National Apprenticeship Service, SENA, vocational, religious, agricultural, industrial, commercial, vocational training fund, etc.

Auxiliary services. School cafeterias, buildings and related maintenance.

**SPENDING ON EDUCATION
SERIES 1990-1995
(Percentages)**

Year	Salaries	Social security contributions	Equipment	Infrastructure	Grants	Other	Total
1990	82.04	2.41	4.02	4.98	0.48	6.07	100
1991	80.68	2.05	4.44	6.17	0.5	6.16	100
1992	80.49	1.78	4.61	6.9	0.31	5.91	100
1993	79.7	1.9	4.49	9.08	0.2	4.62	100
1994	74.76	1.54	4.31	13.13	0.23	6.04	100
1995	73.21	1.71	5.83	13.28	0.25	5.72	100

**SUMMARY OF THE REFORMS PROMOTED BY THE PROGRAM IN PARTICIPATING
DEPARTMENTS, DISTRICTS, MUNICIPALITIES AND SCHOOLS**

Level	Before the program	After the program
Central government – MEN	<p>Responsible for defining development policies and objectives, sector planning, evaluation of the entire system and inspection and supervision. However:</p> <p>It does not have a suitable and timely information system to support education management and quality.</p> <p>It does not have tools to promote dialogue with society or to build consensus on education objectives and responsibilities.</p>	<p>Responsible for defining development policies and objectives, sector planning, evaluation of the entire system and inspection and supervision and has the tools to do so.</p> <p>An information system exists to support education management and quality. The system produces:</p> <ul style="list-style-type: none"> • Up-to-date educational statistics • Results of across-the-board (in some departments, districts or municipalities) and sample performance tests on the national and departmental levels. • Reports on factors linked to quality. <p>Instruments exist (studies that monitor public opinion, media campaigns and opportunities for debate) to build permanent consensus on the country's main education issues.</p>
Departments and districts	<p>Are responsible for education management on the regional level, administer federal government transfers and own resources, administer (recruit, contract, transfer, promote) and pay teachers, provide training and technical advice for teachers and schools, and are responsible for inspection and supervision of education in the region. However:</p> <p>They do not have tools to efficiently administer education, provide technical assistance, or monitor the situation in the municipalities.</p> <p>Government transfers (and own departmental funds) lead to large inequities in the allocation of teachers to the municipalities.</p> <p>They have not certified municipalities with populations over 100,000.</p>	<p>Direct education in their region in a decentralized fashion, i.e. they have delegated the administration of teachers and schools to the municipalities.</p> <p>Departmental departments of education have been modernized. They have tools to carry out their training, technical assistance, monitoring and supervisory functions.</p> <p>Formulae are applied to distribute federal transfers and allocation of teachers to municipalities is equitable.</p> <p>Municipalities with populations over 100,000 have been certified.</p>
Municipalities	<p>Responsible for education on the local level and for providing and maintaining physical infrastructure and school equipment. The are responsible for guaranteeing educational coverage in their jurisdictions. However:</p>	<p>Direct and administer education in their jurisdictions.</p>

Level	Before the program	After the program
	<p>They do not manage the national or the department teaching staff and do not know for certain how many teachers will be assigned to them by the department (or how much funding they will receive under transfer payments). There are no objective criteria for distributing the funds from the municipal transfer payments for education. A large share goes to pay municipal teachers.</p> <p>The municipal education departments are weak</p> <p>There is no municipal education system as such.</p>	<p>Are allocated funds (and teachers) from departmental transfer payments on the basis of a formula. In turn, they distribute human and financial resources (including municipal transfer payments for education) to schools on the basis of a formula containing objective criteria on enrolment, school-aged population and rural character, among other considerations. Most of the funds from municipal transfer payments are spent on improving quality.</p> <p>The municipal departments of education have the technical capacity to perform the functions of education management (planning, allocation of resources, monitoring and evaluation and accountability) and to guarantee coverage (universal access and retention) and quality of education in their jurisdictions.</p> <p>A municipal education system has been created by reorganizing schools into institutions offering grades 1 to 9 and the necessary complementary services.</p> <p>They have transferred to the all-grade schools, under agreements, powers to permit them to independently manage their financial and teaching resources and to include parent and community participation in school governments.</p>
Schools	<p>Are responsible for guaranteeing provision of the basic cycle, as a minimum, and the quality of education. However:</p> <p>They do not offer all grades in basic education, and cannot ensure that students will be able to continue in the system.</p> <p>They cannot be certain of what teaching and financial resources they will have.</p> <p>They do not have the education services necessary to guarantee quality (lack of sports facilities, laboratories, libraries, etc.). They lack many complementary services that are essential for guaranteeing access and retention, such as school transportation and student health care facilities.</p> <p>They lack most essential administrative services for full school management, such as academic secretariats.</p>	<p>An institutional system has been established that ensures that schools can provide the basic cycle, as a minimum, and quality education.</p> <p>Schools can offer on their own or through agreements, the complete basic education cycle.</p> <p>Schools receive financial and teaching resources from the municipality based on a formula.</p> <p>Schools have support services provided by the municipality.</p> <p>The capacity for independent management has been created.</p>

Level	Before the program	After the program
	<p>They do not have essential factors for developing their relative independence and capacity for accountability, such as school governments and principals with the capacity to take relevant decisions.</p> <p>Parents and the community do not participate in school administration.</p>	<p>The levels of school autonomy in managing human, financial and infrastructure resources have improved significantly. Principals have been trained in school management and are the managers of their institutions.</p> <p>School governments exist, composed of parents, representatives of the local community and teachers, which administer the schools are accountable to the community.</p>

**NEW SCHOOL SYSTEM PROGRAM: REFORM OF EDUCATION
MANAGEMENT AND PARTICIPATION (CO-0142)
PROCUREMENT PLAN**

Main procurements	Financing %		Total cost (US\$ mill.)	Method	Prequalification Yes/No	Estimated date of publication in the SPN (semester/year)
	BID	Local				
Goods						
1. Procurement of systems equipment for the MEN, departments, municipalities and schools in the program. Procurement will be carried out by each level of government or school participating in the program (about 960 sets).	55	45	2.0	NL	No	2/1999
2. Procurement of brochures and booklets to disseminate the program (will be procured through several bids as the program progresses).	50	50	0.8	NL	Yes	2/1999
Consulting services						
1. Contracts with national/regional consulting firm to support and provide technical assistance for the departments in carrying out the education management reform plans (about 15 bidding processes).	55	45	3.0	IPB/NL	Yes	1/2000
2. Contracts with consulting firms to support the certification of uncertified municipalities country wide (about 8 bidding processes).	55	45	1.5	IPB/NL	Yes	1/2000
3. Contracts with regional consulting firms to support the municipalities in implementing their education reform plans (about 8 bidding processes).	55	45	1.5	IPB/NL	Yes	1/2000
4. Consolidation of municipal education management capacity (up to 160 contracts which could include minor equipment and training).	55	45	1.0	NL	No	2/1999
5. Consolidation of independent school management capacity (up to 800 contracts which could include minor equipment and training).	55	45	2.0	NL	No	1/2000
6. Development of innovative experiences in school management (number of contracts to be determined on the basis of municipal demand).	55	45	3.0	NL	No	1/2000
7. Contracts with universities, mixed enterprises and local NGOs to prepare and negotiate the municipal school system map; organize management of school governments; support preparation of the management aspects of the school education projects; and support the entire process of social mobilization. The work will be supervised by an entity with national experience (approximately 40 contracts).	55	45	4.0	NL	Yes	2/1999

Notes: IPB = international public bidding
NL = national legislation

COSTS NOT INCLUDED IN THE PROCUREMENT TABLE	
(US\$ thousands)	
1. Component 2. Incentives to improve education management ¹	30,000
2. Establishment, operation and maintenance of a bank of standardized tests for the Ministry of Education, through the National Testing Service	1,000
3. Three international agreements to promote Colombian participation in international studies:	
a. Progress in the International Reading Literacy Study (PIRLS)	500
b. Fourth International Mathematics and Science Study (FIMSS)	300
c. International Virtual Education Network (IVEN)	1,500
4. Coordination and administration costs, reimbursement of the PPF and FIV	5,500
TOTAL	38,800

¹ These incentives will be awarded in cash by tranches as the education management reform plans are carried out and may be used freely to cover nonsalary costs in the education sector by departments, municipalities and schools.

NEW SCHOOL SYSTEM PROGRAM: REFORM OF EDUCATION MANAGEMENT AND PARTICIPATION

(CO0142)

LOGICAL FRAMEWORK

Narrative summary	Indicators	Means of verification	Assumptions
<p>System administered in a decentralized fashion, with high school autonomy, and efficiency and civic participation; teaching and resources allocated; basic education provided for all children up to age 6.</p>	<ul style="list-style-type: none"> • Greater equity in the distribution of teaching and financial resources to municipalities and schools. • All the participating schools have at least one teacher for each grade. • Increase in the number of students completing basic education in the participating schools. • Formulae based on enrolment and other factors such as rural character are applied and the dispersion of teaching and financial resources per student around the mean is reduced. 	<ul style="list-style-type: none"> • Publications of the National Education Information Service. • Follow-up reports by the National Planning Department. • Official and unofficial reports indicate that there has been an increase in access, retention and promotion rates for children in the program's departments; new criteria are used for resource allocation and school management; and the lessons learned are used to improve education management, equity in allocation and classroom teaching methods. 	<p>The country's sociopolitical situation permits the program to be carried out.</p> <p>The process of decentralization is consolidated, based on a clear distribution of responsibilities and powers, efficiency in spending, and high civic participation.</p> <p>The strengthening of education will enable Colombia to join the knowledge society of the 21st century is a priority of political and civil society.</p>
<p>Decentralized and autonomous management in departments, municipalities and counties (through</p>	<ul style="list-style-type: none"> • A minimum of four departmental plans are begun in the first year of the project. 	<ul style="list-style-type: none"> • Reports by the program monitoring system, coverage indicators, retention rates. 	<p>There is continuity in educational policies in the departments and municipalities participating in the program.</p>

Narrative summary	Indicators	Means of verification	Assumptions
<p>and institutional ation, permanent transfer ibilities for the ent of financial and resources to the ilities and schools; and articipation by nts, municipalities and n monitoring the results).</p>	<ul style="list-style-type: none"> • Departmental plans to reform education management are carried out in a minimum of five departments in four years. • Municipal plans to reform education management are carried out in a minimum of 100 municipalities in four years. • 40 municipalities are certified in four years. • School governments (with participation by parents and teachers) are operating in at least 500 all-grade school in four years. • Education management plans based on program criteria are implemented in at least 500 all-grade schools in four years. • There is a significant increase in the municipalities and schools in independent decision-making, indicators for student retention in basic education, and parent participation. 	<ul style="list-style-type: none"> • Correlation between improvements in coverage and quality and the incentives granted by the program. • Reports by departments, municipalities and schools on management impact. • Program evaluation and follow-up reports describing changes in the decentralization of decisions that are critical for the sector point to improvements in autonomy, the number of students completing basic education and levels of parent participation. 	<p>The political-institutional agreements in the department allow for progress in certifying municipalities with population over 100,000 and in the delegation of responsibilities and powers over the education to the remaining municipalities.</p>

Narrative summary	Indicators	Means of verification	Assumptions
<p>management reform completed in the participating departments and municipalities on the basis of the main program guidelines.</p>	<ul style="list-style-type: none"> • Four departmental plans begin in year one. • Between five and eight departmental plans prepared and approved 18 months into the program. • Between 100 and 160 municipal plans agreed upon and begun prior to the end of year two of the program. • Forty municipalities certified by the end of year four of the program. 	<ul style="list-style-type: none"> • Annual reports produced by the departments and municipalities describing program goals and results. • Semiannual reports produced by the evaluation and follow-up component containing evaluations of progress in education management in the participating departments and municipalities. 	<p>The technical capacity of the departments to track and monitor education has been strengthened.</p> <p>The incentives are sufficient to encourage participation in the education management reform programs.</p> <p>Directors, teachers and members of society use the information system.</p> <p>The media facilitate understanding of the changes and community participation.</p> <p>The departments, municipalities and schools implement the recommendations made in the follow-up reports.</p>
<p>independent schools with independent management organized and implemented.</p>	<ul style="list-style-type: none"> • Between 500 and 800 all-grade schools with school governments in operation and school education management plans completed and approved, in keeping with the main program guidelines. • By the end of year four, new independently-managed schools 	<ul style="list-style-type: none"> • Municipal and program follow-up reports on the impact of changes in school management on internal practices in the schools and the quality of the education offered. • Documents produced by the schools describing the internal processes introduced; 	

Narrative summary	Indicators	Means of verification	Assumptions
	<p>are operating which have been delegated powers to manage their teaching and financial resources.</p> <ul style="list-style-type: none"> • School governing bodies have been organized and are in operation; coordination between the schools and municipal departments of education; the powers of the principals have been strengthened; and internal administration and information systems have been created, are operating, and are efficiently maintained in the municipalities and schools. 	<p>compliance with the school management plans; and impact of the changes on the quality of the education offered.</p> <ul style="list-style-type: none"> • Reports by the follow-up and evaluation component on the impact of changes in the institutional and administrative management of schools on the coverage and quality of the education offered. 	
<p>programs for school principals and directors carried out.</p>	<ul style="list-style-type: none"> • Between 500 and 800 principals and directors of all-grade schools trained in the use of the new management instruments. 	<ul style="list-style-type: none"> • Reports on the number of people attending the courses. • Reports evaluating the courses. • Semiannual reports by the follow-up and evaluation component on increases in the use of new management instruments, the quality of school government and responsibilities of principals for school management. 	<p>Specific methodologies suitable for the project's purposes are available for training in educational management.</p>

Narrative summary	Indicators	Means of verification	Assumptions
<p>and financial resources suitably assigned to schools departments and municipalities.</p> <p>Incentives are based on the results of teacher evaluations.</p>	<ul style="list-style-type: none"> • Formulae are used to distribute resources in at least four departments and 40 municipalities in year one. • Formulae for distributing departmental resources to the municipalities have been established and are in use in all the participating departments by the end of year four. • Formulae for distributing municipal resources to schools have been established and are in use in all participating departments and municipalities by the end of year four. • Funds for teacher incentives are allocated and disbursed. 	<ul style="list-style-type: none"> • Program monitoring and evaluation component; semiannual reports on resource allocation in the participating departments, municipalities and schools; a single purse in the municipalities; and use of nonsalary funds by the participating schools. • Comparison between the baseline for resource allocation in year 0 and allocation in subsequent years. • Teacher evaluations and records of prizes awarded. 	<p>The incentives are sufficient and are suitably managed.</p> <p>There is no teacher opposition to participating in the evaluation or to receiving the rewards.</p>
<p>Information system to support management and quality control and in operation.</p>	<ul style="list-style-type: none"> • The education information system on the national level and the system required to support decentralization and municipal and school management is modernized and in operation. • Up-to-date education statistics are continuously obtained. • Results of the performance tests are available. 	<ul style="list-style-type: none"> • Document containing the strategic information plan and nation-wide system standards. • Semiannual progress reports contain new indicators for monitoring the processes on the national and lower levels and indicate growing use of information for decision making and tracking the results of all the institutional players in the 	

Narrative summary	Indicators	Means of verification	Assumptions
		<p>system.</p> <ul style="list-style-type: none"> • Reports on the education information system produced by the participating departments and municipalities. • Reports by the participating schools on their use of the new education information tools for decision making and tracking results. • Special report on the education highway. 	
<p>national evaluation system standardized and in continuous operation.</p>	<ul style="list-style-type: none"> • Standards in mathematics, language, social sciences and natural sciences developed for grades 3, 5, 7, 9 and 11. • Results of the achievement tests. • Results of the across-the-board municipal tests. • Reports on factors linked to quality. 	<ul style="list-style-type: none"> • Sample achievement tests administered on the national level and results published, in accordance with the approved dissemination plan. • Across-the-board municipal tests administered and results disseminated. • Research on factors linked to quality. • Semiannual progress reports describing how the results of the performance tests are being used increasingly and continuously for decision making on learning processes 	

narrative summary	Indicators	Means of verification	Assumptions
		and tracking results.	
ments to encourage ue among the social s to facilitate building nsus on education ives and responsibilities eration.	<ul style="list-style-type: none"> • Agreements among the social players on education objectives and appropriate methods for the management and administration of the system's financial and human resources. 	<ul style="list-style-type: none"> • Documents containing the agreements. 	
	<ul style="list-style-type: none"> • Research completed on perceptions beliefs and opinion monitoring. • National multimedia campaign on the role of basic education in the 21st century completed. 	<ul style="list-style-type: none"> • Baselines to monitor changes in public opinion established in the first six months of the program. • Semiannual progress reports describing the materials produced and events held. • Documents produced for the evaluation and follow-up meetings, indicating the impact of the materials and events on the program. 	
	<ul style="list-style-type: none"> • Special events held to promote dialogue on education in the 21st century and the most appropriate ways of managing it. 	<ul style="list-style-type: none"> • Lists of participants. • Reports on the events. 	
	<ul style="list-style-type: none"> • Activities with the education community in schools, with active participation by students, teachers, principals and parents, to disseminate the new education management 	<ul style="list-style-type: none"> • List of events and participants. • Semiannual progress reports containing an analysis of the impact of social communications activities on 	There is growing interest in participation by the different institutional players.

Narrative summary	Indicators	Means of verification	Assumptions
	practices completed.	the levels of participation in schools.	
Monitoring and evaluation system designed and operating.	<ul style="list-style-type: none"> • Eight semiannual progress reports produced on physical and financial goals. 	<ul style="list-style-type: none"> • Documents of the coordinating unit. • Semiannual progress reports containing information on the efficiency of processes, goals planned and achieved, and the corrections necessary to achieve the program's ultimate goals. 	The coordinating unit receives timely and useful information from the departments, municipalities and schools.
	<ul style="list-style-type: none"> • Reports for the evaluation and follow-up meetings, containing an analysis of the results and impact of sector management in the participating departments, municipalities and schools. • An evaluation of results and good practices is performed in the last quarter of the fourth year of the program. 	<ul style="list-style-type: none"> • Documents containing an evaluation of the indicators of program results, with special reference to: (a) changes in the allocation of resources; (b) education management and institutional capacity; (c) independence in decision making; (d) increases in basic education coverage and school retention; (e) public information and monitoring of results; and (f) educational achievements. • Document evaluating results and good practices prepared for the final program follow-up and evaluation meeting. 	Indicators and baselines developed prior to the first program follow-up and evaluation meeting.

PROPOSED RESOLUTION

COLOMBIA. LOAN ____/OC-CO TO THE REPUBLIC OF COLOMBIA
New School System Program: Educational Participation and Management Transformation

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 Colombia, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the New School System Program: Educational Participation and Management Transformation. Such financing will be for the amount of up to thirty six million dollars of the United States of America (US\$36,000,000) from the Single Currency Facility of the Ordinary Capital Resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.