

PRESCHOOL AND LOWER SECONDARY EDUCATION

(CR-0044)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Costa Rica

EXECUTING AGENCY: Ministry of Public Education

AMOUNT AND SOURCE:

IDB:	US\$28 million
Local counterpart funding:	US\$12 million
Total:	US\$40 million

FINANCIAL TERMS AND CONDITIONS:

Amortization period:	25 years
Physical initiation of works:	4 years
Disbursement period:	5 years
Grace period:	5 years
Interest rate:	variable
Inspection and supervision:	1% of loan amount
Credit fee:	0.75% of undisbursed balance
Currency:	United States dollars - Single Currency Facility

OBJECTIVES: The purpose of the project is to make the educational system more equitable by improving its accessibility and raising its quality and internal efficiency at the preschool and third cycle (lower secondary) levels. The beneficiaries will come mainly from low-income urban neighborhoods and rural communities.

DESCRIPTION: The project is divided into two main components which seek to resolve the major gaps in education by: (i) expanding preschool education in low-income urban and rural communities (US\$5.5 million); and (ii) broadening the coverage of the third cycle in rural areas (US\$18.3 million).

The first component will set about making the transition (kindergarten) period in public education universal. Support will be provided for innovative experiences to produce kindergarten and prekindergarten education of high caliber that can be replicated elsewhere.

The second component will assist young people unable to continue their schooling because of a lack of

institutions offering middle level education close to their homes with a new option of nontraditional education – in terms of physical characteristics and education structure – in a quality teaching-learning environment. The new model relates learning to productive activity, an approach that is expected to stimulate the interest of young people and their families in the educational process and to raise its internal efficiency.

The main goals of the project are to broaden the coverage of preschool education by 5,880 pupils a year (9% of enrollment in 1995), provide educational facilities to a further 2,350 preschool children now in premises that are lent; and to widen the coverage of third cycle by 9,067 students a year (6% of enrollment in 1995). The intra-year dropout rate in third cycle is expected to fall in rural areas from about 17% in 1995 in public day schools to 10% in the new schools that will be built. The repeater rate which presently stands at 12% is also expected to decline to 9% in the new schools.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of June 18, 1996, classified this as a Category III operation. An environment report of limited scope was prepared on the basis of the Committee's recommendations. The report was reviewed and approved by CESI/TRG on February 11, 1997.

BENEFITS:

As a result of expanded preschool education coverage: (i) repeater and dropout rates will be lower in the future, particularly in first grade; (ii) children will enter the first cycle of the educational program at the proper age; (iii) learning and physical disabilities such as myopia, hearing impairment, and poor motor coordination will be detected sooner; (iv) intelligence, the ability to reason, and social skills will be stimulated at an earlier age; and (v) child nutrition will improve, and this in turn will promote growth and development (mainly through kindergarten meal programs in low-income urban neighborhoods where children attend school daily).

The advantages of the third cycle component are both considerable and varied since the country will benefit in the medium and long term from the increase in the stock of human capital in terms of: (i) raising productivity, (ii) improving the earning capacity of graduates and achieving a consequent flattening of income inequality, (iii) breaking the chain of inter-generational poverty, (iv) boosting the capacity of graduates to contribute to the

country's competitive position in international markets, (v) enhancing the capacity of graduates to assimilate and take part in technological change, and (vi) heightening ecological awareness among students and graduates of the education system.

RISKS:

Financial constraints: The Costa Rican government has introduced an austerity program to reduce the size of the fiscal deficit. This policy has led to a decline in local and external funding for investment and a contraction in counterpart resources. Funding allocated to project executing agencies has also slowed. This policy is expected to continue at least until the end of 1997. The government is committed to setting aside sufficient funding in the national budget to cover the first year of the project.

Political commitment: Since elections are slated for 1998 and a new government will take office, uncertainty exists as to the new administration's commitment to the project. Nevertheless, an informal survey of the country's two main political parties found that the objective of the project do not appear to conflict with the priorities of each party.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The country paper for Costa Rica (now being approved) stresses the need for portfolio reform, the development of a smaller number of new operations in 1997, including the project presented in this document, and the planning of medium- and long-term operations for Costa Rica. It also supports the high priority being accorded preschool, primary, and secondary education by the Costa Rican government. The Bank's support for education and making education accessible to all is consistent with the targets set in the Eighth Replenishment report.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Special conditions precedent to the first disbursement:

- (a) The necessary steps must be taken to make the Project Coordinating Unit operational; and
- (b) The Department of Preschool Education and the Department of Secondary Education must be functioning pursuant to the corresponding executive decree.

Special conditions for disbursement of funds for construction works:

- (a) Submission to the Bank of a copy of the Preliminary Environmental Assessment Form

presented to the National Technical Secretariat for the Environment (SETENA) and a copy of the corresponding Resolution issued by SETENA; and

- (b) Submission to the Bank of the requests for disbursement, fully justified with supporting documentation, of funds in an amount equivalent to US\$16.8 million under agreement 667/OC-CR signed on December 19, 1991, for the PROMECE project.

Condition precedent to startup of radio-kinder activities:

An agreement must be signed between the Ministry of Public Education and the Costa Rican Institute of Radio Education on guidelines for activities based on the objective of the project that sets out the obligations of the parties (see paragraph 3.12).

Other obligations of the borrower:

- (a) The Ministry of Finance shall transfer to the MEP the proceeds of the loan: (i) in the same currency as they are received from the Bank upon request and justification by the MEP, and (ii) within forty-five calendar days of receipt of the aforesaid loan proceeds;
- (b) The borrower shall implement promptly the terms of the Resolution issued by SETENA (see special conditions for disbursement of funds for construction works); and
- (c) The loan contract will also contain special conditions concerning *inter alia* supervision (paragraphs 3.26 and 3.27), reports (paragraphs 3.28 and 3.29), and external audits (paragraph 3.30).

**EXCEPTIONS TO
BANK POLICY:**

None

**POVERTY-TARGETED
CRITERIA:**

The project fits in with the high priority accorded to poverty reduction under the Eighth Replenishment inasmuch as geographically it targets the poor. The kindergartens in urban areas will be built only in depressed neighborhoods. The kindergartens and schools that are to be built in rural communities will benefit mainly low-income areas, where the coverage of third cycle and preschool education is lowest.

I. FRAME OF REFERENCE

A. Socioeconomic background

- 1.1 Costa Rica is unique among Latin American countries in that the levels of its social indicators approach those found in industrial nations. For instance, 97.7% of boys and girls between the ages of 7 and 12 receive formal education, life expectancy is 76 years, infant mortality is 13.7 per thousand live births, 96.6% of the population has access to drinking water, and the literacy rate is 93%. Since 1985, increased public spending on the social sectors has been accompanied by a substantial improvement in the country's social indicators. ^{1/}
- 1.2 Burdened by a chronically high fiscal deficit, the government has been taking steps since 1994 to curb public spending and to stabilize the economy. Constraints on public spending have led to cutbacks in investment in education, including the operations being financed by the Bank.

B. Education sector

1. Summary

- 1.3 A Council on Education consisting of the Minister of Education, two former ministers, and representatives of public universities, primary and secondary schools, and educators is preparing a national education policy that the Ministry of Education (MEP) will implement. The MEP, which is organized on a regional basis, has 37,600 employees, of whom 87% are teachers.
- 1.4 There are four levels of formal public education: (i) preschool which at present lasts approximately one year (serving as a transition or kindergarten for children of 5½ to 6½ years of age) and which the government proposes to extend to two years by gradually incorporating a prekindergarten year for children of 4½ to 5½ years of age; (ii) nine years of basic education comprising two cycles of primary school (grades 1 through 6) and a third cycle (lower secondary school) covering the first level of secondary education (grades 7 through 9); (iii) two or three years of diversified secondary education; and (iv) post-secondary studies. The diversified cycle is divided into three program streams: academic, arts, and technical (two years of academic subjects or

^{1/} From 1980 to 1995, spending on the social sectors accounted on average for 43% of public spending. By 1995, it amounted to one half of the total, and the equivalent of 19.8% of GDP, with spending on health representing the equivalent of 7.4% of GDP and spending on education (including training) 5.1% of GDP.

three years of trades). The National Institute of Learning (INA) is officially in charge of offering job training.

- 1.5 A breakdown of public spending on formal and nonformal (i.e. courses offered to adults through the INA) education in 1995 is shown below: 2/

Preschool	4.0%
Primary education	38.3%
Secondary education	21.0%
INA	6.4%
Post-secondary education	30.3%

- 1.6 In the long term, the percentages for preschool and secondary education tend to trend upwards, with a relative decline in the percentage for post-secondary education. In 1985, 43.8% of the education sector's budget went to post-secondary education. Since then, the percentage has fallen in nine of the last 11 years (including the estimated percentage for 1996). The substantial support given to higher education may in fact represent a high opportunity cost for the country.
- 1.7 Under Costa Rica's Constitution, basic public education is free and compulsory, but preschool and diversified education, which are also free, are not compulsory. In 1996, public schools accounted for 94.8% of enrollment in the first two cycles and 69.6% of enrollment at the third cycle and diversified levels. During the 1980s, a period of economic crisis when public funding for education was on the decline, private school enrollment soared by 75%. University tuition is a nominal amount, with financial assistance available to poor students who pursue post-secondary school studies. Under other programs, for example those sponsored by the Social Development and Family Allowance Department and the Joint Institute of Social Assistance, food and clothing is provided to children at other levels of the education system.
- 1.8 Between 1980 and 1995, funding for preschool doubled from 2% to 4% as a share of total government spending on education. Coverage also doubled to include 75.7% of all children between the ages of 5½ and 6½. In 1996, coverage was estimated at around 78%.
- 1.9 The community plays a fundamental role in administering education centers. Boards of education (for primary schools) and boards of administration (for secondary schools), whose members are community leaders, parents, and other champions of education, are responsible for maintaining the schools and purchasing teaching materials, 3/ furniture, equipment and educational materials;

2/ The figures for 1995 are preliminary.

3/ Starting in 1997 these activities will include the sale and rental of textbooks to students.

developing internal projects; and allocating funding for special projects.

- 1.10 Most primary and secondary schools have active parent associations (known respectively as school councils and parent associations). These organizations help out with school activities, assist the boards of education, and also serve as informal watchdogs of the academic and administrative side of education, putting pressure on the Ministry, as needed, to correct any shortcomings that are perceived.
- 1.11 The Boards of Education and Administration receive 4% of all income tax revenue and 10% of the property tax collected to fund their activities. Occasionally, they will be allocated funding from the national budget under specific items negotiated by representatives in the legislature. The Boards also organize fund-raising activities in their own communities. Contributions are received from parents, and sometimes from companies. One recent study done during project preparation found that the Boards have enough funding from present and projected income sources to carry out the duties they will be required to assume in the new educational centers.
- 1.12 In Costa Rica, gross enrollment ratios are virtually even for boys and girls (86.4% and 86.6%, respectively, in 1995). Although notable differences exist within general ratios by level of education and area, an analysis of the ratios by sex shows that there are no significant differences in preschool and primary school. In secondary school, however, girls have the edge in gross enrollment in both urban and rural areas, which may be attributable to the fact that for cultural reasons males tend to enter the work force at an earlier age. For both sexes, gross enrollment is higher in urban than in rural areas. ^{4/} This is confirmed by the data for gross secondary school attendance by age. In both urban and rural areas, girls score higher on attendance, particularly amongst 13- to 15-year-olds.

2. Challenges

- 1.13 The national authorities understand that there is a need to adopt a decisive policy on investment in human resources development in order to get ahead successfully in the new global economic environment. That is why the government has embarked on an integrated reform of the educational system that is intended to develop a steady pool of competitive human capital that is

^{4/} In 1995, the gross enrollment ratio at all levels of education was 90.0% (88.9% for males and 91.9% for females) in urban areas, compared with 83.3% (84.1% for males and 82.5% for females) in rural areas.

humanistic in its approach and aware of how it interacts with the social and natural environment.

1.14 The policy and strategic plan addresses four challenges facing education in Costa Rica:

- (i) A social challenge: an educational system that can be a more effective tool for narrowing the gap between social classes and between urban and rural areas, creating new opportunities for social advancement, and promoting active participation by the citizenry in seeking community-based solutions to problems.
- (ii) An economic challenge: an educational system that can turn out the human resources needed to improve national productivity and competitiveness and to position the country successfully in the global economy.
- (iii) An ethical challenge: an educational system that can develop those values and attitudes that cultivate a sense of altruism, inspiration, integrity, and a humanistic approach to economic and social relations.
- (iv) An environmental challenge: an educational system that can instill in the citizenry a sense of responsibility for the legacy that will be left to future generations. 5/

1.15 The first challenge, which is directly related to the objective of the present project, is described more fully in the next section. The programs that are planned or under way in response to these challenges are reviewed as well. The project itself embraces specific activities to deal with each of these challenges.

a. Equity

1.16 The first challenge is the need to improve equity in education. Although the successes posted by Costa Rica in the area of education have been impressive, the benefits have been felt more in urban than in rural areas (see Table 1.1). 6/ Although sharp differences in coverage are evident at all levels of education, the minimal coverage of preschool education in poor urban and rural areas is particularly serious inasmuch as educational initiatives

5/ Ministry of Public Education, "Plan Estratégico", MEP/Office of the Minister, October 1994.

6/ The program to improve the quality of education (PROMECE) (see paragraph 1.3) which the Bank is funding, seeks to improve equity in primary education through financing for infrastructure works in very poor regions of Chorotega, Huetar Norte, and Brunca.

received in early childhood have been found to benefit all children, but especially those who are exposed to few cognitive stimuli.

Table 1.1
COSTA RICA: RATIO OF CHILDREN IN SCHOOL TO CHILDREN NOT IN SCHOOL BY AGE GROUP
(July 1994)

By age group (years)	Country total	Urban	Low-income urban areas	Rural settlement	Rural dispersed
5 to 6	0.58	0.94	0.16	0.60	0.53
7 to 12	30.63	48.48	36.55	26.29	23.23
13 to 15	2.71	5.97	2.89	2.47	1.50
16 to 18	0.97	2.02	0.87	0.63	0.47

Source: Social development program, with data from household survey, July 1994.

- 1.17 The shortcomings in preschool education are mirrored in relatively high repeater and dropout rates (18% and 6%, respectively) in grade one, well above the rates for the upper grades (12% and 2%, respectively). The reasons for this are poor preparation of the student and failings in the primary education system.
- 1.18 The differences in access to education in rural and urban areas are also marked in third cycle. There are about 210,500 children between the ages of 13 and 15 in Costa Rica, yet there is only classroom space for 147,000 of these children. In isolated rural areas and in rural settlements, 38,600 young people from 12 to 15 years of age do not go to school. A further 20,000 boys and girls of 16 years of age do not receive education of any kind.
- 1.19 Although the shortage of classroom space could be partly remedied in built-up areas through expanded class schedules and study groups, this would not be possible in the countryside since many areas do not have secondary schools and because social, geographic, and economic impediments already prevent or make it difficult for poor children to attend school. These impediments have to do with economic pressures that force children to go to work, distance, and the irrelevance of the curriculum to the needs of the labor market.
- 1.20 The curriculum for third cycle is highly academic. There is an excessive number of courses, the content of which bears no relation to the realities of the job market.
- 1.21 The economic crisis of the 1980s had more of an impact on the third cycle than on the first two. Enrollment of 13- to 15-year-olds declined from 68.5% in 1980 to 55.3% by 1987, recovering again to its earlier level (68.8%) by 1995. The internal efficiency at this level which is presently quite low, was also adversely affected. Successful completion of the last year fell from 65% in 1980 to 50%

by 1988, edging up since then to just 53% in 1994 (and only 44% of the initial enrollment). In 1995, the intra-year dropout rate was 16.1% and the repeater rate was 13.2% (highest in grade 7 and less in grades 8 and 9). The repeater rate was 14.4% in public schools compared with 4% in private schools.

- 1.22 The inefficiencies in the system are attributable to technical shortcomings in the course of study, insufficient learning resources at education centers (workshops, laboratories, libraries), curriculum overload, inadequate preparation of teachers for the ongoing changes in the curriculum, and other factors such as poverty and geography. A 1994 study found that 77% of all dropouts ascribed distance from school as a reason for leaving school. It also concluded that one of the main constraints on secondary school graduates pursuing their studies is a lack of guidance counseling.
- 1.23 Since the 1980s, many qualified teachers have been lost through early retirement encouraged by the teachers' pension system, which was not reformed until 1995, and this has resulted in 24% of teachers in the upper two cycles not having professional qualifications. In 1996, the government and the teachers' unions agreed to add 20 days to the school year.
- 1.24 In a sample of 79 schools from across the country, a recent study put the internal rate of return on social investment in secondary education at 31.15%, including the third cycle and diversified education. The results of this analysis show clearly that society reaps significant benefits from secondary education. In economic terms, not only are the costs of the social investment recovered but national wealth is increased as a whole. This finding underscores the fact that expanding the coverage of education and improving its quality pose a major challenge at this level.

b. Programs to respond to the challenges

- 1.25 It is important to note some of the special MEP projects to enhance educational opportunities for the school population, and broadly speaking low-income urban and rural communities, now being carried out as part of an integrated educational reform:
 - (i) **Educational quality improvement program in low-income urban communities (PROMECUM).** Has helped bring educational services, meals, infrastructure, and equipment to schools in low-income urban areas.
 - (ii) **One-teacher school improvement program.** Is intended to improve teaching and learning skills in 1,444 one-teacher schools around the country by providing pedagogical training to teachers, involving the

community in the educational process, and supplying resources to support it.

- (iii) **Foreign language development program (PROLED).** Is tailored to the study of foreign languages in primary school. The program facilitates more effective interaction with other cultures and enhances economic and cultural integration by Costa Rica in the international community. The emphasis on foreign languages is consistent with the expansion of tourism and foreign trade.
- (iv) **Universalization of preschool education program.** Proposes to broaden the coverage of preschool education to include the entire transition-level population and to improve its quality.
- (v) **Education information systems program.** Refers to incorporating into the education system the technology required to meet future demands. Educational computer products are seen as learning tools to promote the development of logical thinking, creativity and problem-solving skills. The introduction of the computer to the classroom and the country's rapid acceptance of the INTERNET are helping to facilitate communications between Costa Rica and the rest of the world.
- (vi) **Secondary education improvement program.** Includes a review of study programs and courses of study to enrich and diversify the curriculum and make it more flexible and to make secondary school education more interesting and relevant. Support will also be given to expanding the coverage of the third cycle in order to meet the constitutional precept of free and mandatory basic education subsidized by the State. The MEP proposes introducing modalities in third cycle that link education to the job market. In addition to emphasizing foreign languages and computer systems, the MEP with the help of the present project, plans to add a course to the curriculum that directly relates the studies to the labor market.

- 1.26 In a move to increase funding for state education, the government has introduced a bill to reform of the Constitution that would set a floor on funding for schooling of all types and at all levels equivalent to 6% of GDP. 7/ The bill was approved by the Legislative Assembly in its second debate in March 1997.

7/ The proposed reform will also make preschool education compulsory.

- 1.27 Apart from the constitutional reform, the government is in the process of approving an educational guarantees act that will include incentives to the teaching profession that are linked to classroom performance and professional development. Teachers will receive a bonus for merit and incentives for working in depressed socioeconomic areas, in the form of additional wages, training, and better employment conditions and the present conditions for additional pay for working in remote or inaccessible areas (zoning) will be broadened.
- 1.28 To make basic education more accessible to rural communities, in 1981 the Council on Education approved a course of study for the general open education program of the Costa Rican Institute of Radio Education (ICER), which combines radio programming, printed materials, and meetings with facilitators. The MEP and the ICER have agreed to carry out this open education program together. The ICER is a private nonprofit organization created in 1973 with the help of the Principality of Liechtenstein. It broadcasts cultural programs nationwide through 12 small radio stations. In addition to Spanish it has developed teaching material in two indigenous languages. The distance primary education programs were considered a success by the MEP and in 1996 the agreement with the ICER was broadened to include the third cycle. The MEP has also noted the considerable interest shown by parents in their children's education, particularly in rural areas, and a high degree of willingness to take part in their children's education. The present project supports the further expansion of the ICER-MEP program.
- 1.29 The use of roving teachers is another success that the MEP plans to build on through the present project. Originally brought in by the MEP in the 1980s for primary education, and dropped by a later administration, the practice has recently been reintroduced. It will make it possible for a single teacher to alternate between groups of students from two or more schools, thereby expanding the coverage of education in remote areas without the expense of assigning one teacher for each group. In the past the INA has had considerable success in organizing courses with roving teachers. This system has been in use since 1965 and approximately one half of all courses are given with teachers of this kind.
- 1.30 This new project will address the challenges identified by the government. Not only does it enjoy broad support, it would probably be one of the priorities of the main opposition party. The project will add to an earlier IDB project that is now in progress (loan 667/OC-CR for US\$28 million for an educational quality improvement program (PROMECE) approved in December 1991 and declared eligible for financing in May 1993; this project is being cofinanced with the World Bank). PROMECE provides funding for programs that improve the quality and efficiency of basic education and that strengthen the MEP as an institution, with support for the processes of regionalization and deconcentration of education.

Although PROMECE has provided assistance for the third cycle, its main focus has been on primary education.

C. Previous experiences

- 1.31 Social projects being implemented in Costa Rica have encountered considerable problems. For instance, only 2% of the financing approved for the health services improvement program (loans 711/OC-CR and 712/OC-CR for US\$42 million approved in November 1992 and declared eligible for financing in January 1995) had been disbursed by December 31, 1996. The program was beset by: (i) weaknesses in the project coordinating unit and its lack of autonomy; (ii) complex procurement procedures; and (iii) constraints on public spending which led to the Ministry of Finance Treasury Department withholding funds disbursed for the project.
- 1.32 The second loan (PROMECE) got off to a slow start although the pace picked up in 1996. Cumulative disbursement amounted to 29% of total financing by year-end 1996. The initial delays were attributable to: (i) the complexity of national procurement procedures; (ii) appeals of contracts awarded; and (iii) difficulties with project implementation. These problems were largely overcome in 1996 although the budgetary constraints that prevented funding from being available promptly for PROMECE adversely affected project execution. Although the austerity will continue in 1997, the government approved an increase in the PROMECE budget for the present year. 8/
- 1.33 These problems accentuate the need: (i) to avoid complex procurement procedures and a lengthy appeals process; (ii) to select a project coordinating unit with the capacity to carry it through; and (iii) to analyze the government's capability to provide the necessary financing promptly and its capacity to support the project.

D. Strategies of the Bank and the government

- 1.34 The country paper for Costa Rica (now being approved) points up the need for portfolio reform, the development of a limited number of new operations in 1997, including the present project, and the planning of Bank operations in Costa Rica for the medium and long term. The Bank's support for education and efforts to make access to education generally more equitable is consistent with the targets established in the Eighth Replenishment report.
- 1.35 The Bank's support for education in Costa Rica also reflects the high priority being accorded to it in the 1994-1998 National

8/ A budget of approximately US\$15 million was also approved for PROMECE (IDB, World Bank, and local counterpart), with the Bank's financing expected to amount to US\$7.5 million in 1997.

Development Plan. This plan, which views education as the foundation of equal opportunity, sets the following targets: (i) to universalize preschool education; (ii) to make quality schooling available to all; (iii) to make school more relevant and more interesting; and (iv) to bring performance into line with the transformation in education.

II. THE PROJECT, ITS COST, AND FINANCING

A. Objectives and targets of the project

- 2.1 The objective of the project is to render the educational system more equitable by making it more easily accessible and improving the quality and internal efficiency of preschool education and the third cycle. The beneficiaries will be mainly low-income urban and rural communities.
- 2.2 The main goals of the project are to broaden the coverage of preschool education by 5,880 pupils a year (9% of enrollment in 1995), provide educational facilities to a further 2,350 preschool children now using facilities that are lent; and to widen the coverage of third cycle by 9,067 students a year (6% of enrollment in 1995). The intra-year dropout rate in third cycle is expected to fall in rural areas from about 17% in 1995 in public day high schools to 10% in the new schools that will be built. The repeater rate which presently stands at 12% is expected to decline to 9% in the new schools.

B. Description of the project

- 2.3 The project is divided into two main components which propose the following solutions to the problem of the educational gap: (i) expanding preschool education in low-income urban and rural communities; and (ii) expanding the third cycle in rural areas.
- 2.4 The first component will assist with the universalization of kindergarten in public education. It will support innovative experiments with kindergarten and prekindergarten that can be replicated elsewhere, ensuring that their quality is high.
- 2.5 The second component will assist young people unable to continue their schooling because there is no institution offering middle level education close to their homes with a new option of nontraditional education - in terms of physical characteristics and education structure - in a quality teaching-learning environment. The new model combines learning and productive activity and is expected to stimulate the interest of young people and their families in the educational process and to raise its internal efficiency. The two components are discussed more fully below:

Component 1. Preschool education (IDB financing: US\$5.5 million)

- 2.6 This component will use nontraditional modalities for more efficient delivery of educational services at relatively low cost compared with traditional systems. It will maximize the use of existing infrastructure, thus promoting more effective allocation and utilization of educational resources to low-income urban and

rural areas. These quality models which are sustainable will break the circle of poverty through the benefits of preschool education and effective family and community participation.

Subcomponent 1a. Expansion (US\$3.9 million)

- 2.7 The coverage of the preschool education project will be as follows: 41% will be in kindergartens attached to schools in low-income urban neighborhoods; 25% in concentrated and fairly concentrated rural pockets, and 34% in scattered rural areas. Eighty-six percent of the children are expected to be at the kindergarten level and 14% at the prekindergarten level. During the five years of the project, an additional 21,920 children will be brought into kindergarten and 3,500 into prekindergarten since the schools will be introduced gradually at different times.
- 2.8 The expected results of this component include:
- (i) 68 kindergarten classrooms in low-income urban areas built and functioning to accommodate 3,400 children. Forty-seven of the classrooms will replace existing school space, that is now being used on a temporary basis and is unsatisfactory for preschool, and 21 will be expansions of educational facilities.
 - (ii) 30 summer kindergartens functioning with a capacity for 750 children a year in concentrated rural communities. They will be housed in existing primary schools on Saturdays during the school year and daily during the school holidays (January and February), under a single teacher who will preferably be responsible for grade one.
 - (iii) 80 small rural kindergartens (approximately 16 pupils each) built and functioning with a capacity for 1,280 children each year, preferably in annexes to one-teacher schools in less concentrated rural areas. Roving teachers will be in charge of these schools (one teacher for two kindergartens) for two or three days a week per group, or every other week, drawing on the experience the MEP has had with this type of teaching in the past (see paragraph 1.29); and
 - (iv) 40 preschool radio programs (radio-kindergarten), in scattered rural areas, functioning to accommodate 2,800 children a year. This program will be carried out under an agreement with the ICER, with which the MEP has often worked closely in the past (see paragraph 1.28).
- 2.9 Resources and technical assistance will be provided to facilitate participation by parents, other family members, and volunteers in

the summer and rural kindergarten program. The radio programs have been conceived as the best possible way of reaching remote areas of the country and, given the organizational structure, the involvement of families and volunteers will be crucial for the success of the program.

Subcomponent 1b. Quality and internal efficiency
(US\$1.6 million)

- 2.10 To facilitate improvements in the quality and internal efficiency of preschool education, the project will include the following elements: (i) technical assistance for the design, validation, and distribution of nontraditional programs and educational materials, work manuals, and supporting documentation for families, volunteers, and teachers; (ii) teaching equipment, furniture, and other program aids; (iii) classroom and in-service training for teachers involved in the project and preschool educational personnel in the Ministry; (iv) training for members of the school boards of education to assist with educational activities, as well as for parents, other family members, and volunteers taking part in nontraditional distance learning programs; and (v) a longitudinal study of the impact of preschool education on basic education so that programs can be adjusted as required. This will benefit the education centers set up under the project and preschool education in the country as a whole.
- 2.11 The manuals and other educational materials will eliminate all references to sexual stereotypes so that children of both sexes can develop and participate on an equal footing. They will also include elements concerning environmental conservation and improvement.
- 2.12 Written materials may be sold to families for use by their children and as manuals to aid parents and volunteers in the educational process. As the Ministry, with the help of PROMECE, is trying out a system whereby educational materials are rented to students through the boards of education and administration, a similar system could be adopted for the project with appropriate adjustments. The cost or rental price to the student would have to be set high enough to create a fund for future publications. The boards will subsidize the materials sold or rented to low-income families based on certain socioeconomic criteria that the beneficiary families will have to meet. Given the country's vast experience in this area, the MEP and the boards will have to arrange for family allowance and IMAS programs to supply school uniforms and educational materials for very poor families.
- 2.13 The training activities will target 162 teachers, 42 coordinators/principals, advisors, and supervisors in charge of the technical and operational aspects of preschool education, 255 members of the boards of education, and 11,220 family members and volunteers. Two training courses will be offered abroad on the organization and

conditions of nontraditional preschool education programs, and to draw on other experiences for the benefit of the project.

- 2.14 A longitudinal study on the impact of preschool education to be performed in year two will ascertain its influence on primary education. The findings of this study will make it possible to restructure the models in place and to take technical and pedagogical steps to increase the return on the teaching-learning process. This study will also make it possible to compare the efficiency and effectiveness of the different project models with the one used in traditional preschool education.

Component 2. Third cycle (US\$18.3 million)

- 2.15 With this component, high schools will be built to resolve the main problems identified in studies on secondary education in rural areas. As well as setting up educational establishments for rural students who would otherwise be unable to continue their third cycle education, schools will be strategically located in the vicinity of one-teacher schools and small multi-teacher schools. A flexible and active curriculum will go hand in hand with educational technologies that motivate the participants to learn and raise the promotion rate, with anticipated improvements in the passing, absentee, and dropout rates.

Subcomponent 2a. Expansion (US\$17.0 million)

- 2.16 The project will expand the coverage of third cycle through the construction, outfitting, and operation of 40 new schools in rural areas. Two of these schools will be in the indigenous communities of Terraba and Boruca, in the county of Pérez Zeledón. This number was arrived at by analyzing the differences in enrollment between grades 6 and 7 in rural areas of the country, taking into account the number of schools that now exist in the localities.
- 2.17 Considering that poor educational performance and the high secondary-school dropout rates are ascribed in part to a lack of equipment, laboratories, libraries, and other facilities (see paragraph 1.22), the project will supply what is needed to guarantee the quality of teaching and a smooth technical and operational structure. Each school will be equipped with laboratories, one of the aims of national educational policy and strategy: information systems, English language, and science and technology. The schools will also have classrooms, a library and video collection, school kitchen, offices, and study rooms, and will be fully equipped with sports gear and tools for maintaining facilities and gardening the school vegetable plot. Circumstances permitting, telephone lines will be installed to provide communications links with outside information centers (MEP, etc.) and access to the INTERNET.

- 2.18 The information systems laboratories will be structured on the basis of the MEP's experience with primary education programs (with IDB funding under project ATN/SF-3670-CR for institutional and technical strengthening of the educational information systems program) and a recently initiated secondary school computer systems program. The language laboratory will be outfitted with light recording, audio, and sound reproduction equipment for easy replacement and maintenance by the MEP.
- 2.19 As for support services, the MEP will provide subsidized transport for poor students (approximately 40% of the total) based on its considerable experience. Immunization and certain dental services will be provided by the Ministry of Health and other agencies according to standard practices in the country. The food for school lunch programs will be obtained through the education and administrative boards and other special public programs.

Subcomponent 2b. Quality and internal efficiency
(US\$1.3 million)

- 2.20 The activities have been planned to improve the quality and internal efficiency of the third cycle: (i) the curriculum content will be brought into line with national teaching-learning standards and the circumstances of rural communities; (ii) instructional materials for students, teachers, and other individuals taking part in the teaching-learning process will be designed and printed for self-study methods, directed study, projects, and other nontraditional educational technologies; (iii) curriculum and instructional materials will be designed for a new subject entitled "active and productive life" and science laboratory experiments; (iv) a pre-service and in-service training program for teachers, coordinators, supervisors, and advisors in third cycle; and (v) technical assistance and equipment for the organization and functioning of the MEP Third Cycle Unit.
- 2.21 In a break with tradition, the school year will be divided into three terms that will be fixed flexibly according to one, or perhaps two calendar years, depending on the particular circumstances of each community. For instance, tailoring the school year around the agricultural calendar could help to lower dropout and absentee rates. Education will also center on the basic subjects of Spanish, mathematics, social studies, science, English, and computer science, although young people will also receive instruction in culture and social and personal skills.
- 2.22 The subject "active and productive life" will use a quarterly module by level (i.e. by year) and its primary objective will be to give young people a clear definition of the link that exists between education and employment, social, and cultural life, as well as of local and national opportunities for employment or upper secondary school studies. The course will include such activities

as community and/or school projects, visits to companies, teaching and training establishments, video shows, and group dynamics.

- 2.23 In addition to core subjects, quarterly workshops will be held to develop and incorporate other subjects concerned with Christian principles, values, democracy, social harmony, cultural and artistic themes, and the environment. These modules will be developed by the roving teachers at different schools, or by the school teachers themselves for a fee. Community resources and voluntary work by professionals, artisans, and artists in the community will be incorporated to the extent possible.
- 2.24 The new curricula and the instructional materials will eliminate all references to sexual stereotypes and will encourage boys and girls to develop and participate on an equal footing. Aspects of environmental conservation and improvement and indigenous culture will not only be incorporated into the development workshops but into the various subjects as well.
- 2.25 As in the preschool education component, the written materials will either be sold or rented to students based on PROMECE's experience. Study grants and subsidies will be available to the very poor under other government programs. The proceeds from books sales and rentals should be high enough to create a fund for future publication and distribution of instructional materials.
- 2.26 The technical coordination and operating unit for the third cycle will be attached to the MEP Secondary Education Department. The equipment will include a computerized educational control and administration system, for which purpose equipment is being provided.
- 2.27 The training activities of this subcomponent will target 360 teachers, 160 principals and other school staff, 160 members of administration boards, and 46 officials from the MEP who are connected with the management, supervision, and operation of third cycle. Training for teachers will concentrate on applying technologies and methodologies to classroom and laboratory work. For the rest of the staff, the focus will be on new ways of organizing and managing the rural school model.

Project administration (US\$60,000)

- 2.28 The Project Coordinating Unit (see paragraphs 3.3 to 3.6) will make use of PROMECE's physical and technical resources. The government will be responsible for payroll and supplies, with the Bank funding only a small portion of the unit's costs for additional equipment, furniture, and software, as well as outside services for project evaluation.

C. Cost and financing plan

- 2.29 Based on the program described in this chapter, the operation will fund the outlays set out in Table 2.1. The costs of the two components allow a 10% margin for contingencies. The government's contributions cover recurrent operating expenses of educational centers supported by the project, of which payroll accounts for the lion's share, as well as per diems, zoning, children's meal and transportation costs, and operating and maintenance expenses. The government will also fund the credit fee and most of the costs of the Project Coordinating Unit. The borrower will provide financing in an amount equivalent to US\$12 million (30% of the total) drawn on budgetary allocations for the MEP.
- 2.30 The project preparation team estimated that the project recurrent expenses may be much higher than the US\$12 million projected in the table of costs (Table 2.1). The government agreed to finance all of the recurrent expenses out of the national budget.

D. IDB financing

- 2.31 The terms and conditions of the financing will be as follows:

Amount:	US\$28 million
Source:	Ordinary capital (OC)
Deadlines:	
- Physical initiation of works:	4 years
- Disbursement period:	5 years
- Grace period:	5 years
- Amortization period:	25 years
Interest rate:	variable
Credit fee:	0.75% on undisbursed balance
Inspection and supervision:	1% of loan amount
Currency:	United States dollars - Single Currency Facility

- 2.32 In 1996, the government moved forward with some of the activities envisaged in the loan and it plans to initiate further activities in 1997. It is recommended that the Bank recognize retroactively eligible expenses of US\$1 million incurred by the borrower during the 12 months prior to the date on which the loan is approved by the Board of Executive Directors.

Table 2.1
TABLE OF COSTS
(in thousands of U.S. dollars)

Item	IDB	Government	Total	%
1. Preschool education	5,473	1,932	7,404	18.51%
1.1 Infrastructure	2,878	0	2,878	7.19%
1.2 Furniture and equipment	1,038	0	1,038	2.60%
1.3 Technical assistance and technical services	225	0	225	0.56%
1.4 Teaching materials and software	971	0	971	2.43%
1.5 Training	361	0	361	0.90%
1.6 Recurrent expenses	0	1,932	1,932	4.83%
2. Third cycle	18,298	8,160	26,458	66.14%
2.1 Infrastructure	10,625	0	10,625	26.56%
2.2 Furniture and equipment	6,402	0	6,402	16.00%
2.3 Technical assistance and technical services	322	0	322	0.80%
2.4 Teaching materials and software	583	0	583	1.46%
2.5 Training	366	0	366	0.92%
2.6 Recurrent expenses	0	8,160	8,160	20.40%
3. Project Coordinating Unit	59	1,253	1,312	3.28%
3.1 Operating expenses	0	1,228	1,228	3.07%
3.2 Furniture, equipment, and software	39	0	39	0.10%
3.3 Audits	0	25	25	0.06%
3.4 Evaluations	20	0	20	0.05%
4. Financial expenses	4,171	655	4,826	12.06%
4.1 Interest	3,891	0	3,891	9.73%
4.2 Credit fee	0	655	655	1.64%
4.3 Inspection and supervision	280	0	280	0.70%
Total	28,000	12,000	40,000	100.00%
Distribution	70.00%	30.00%	100.00%	

III. INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION

A. Borrower and executing agency

- 3.1 The borrower will be the Government of Costa Rica and the Ministry of Public Education will be in charge of project execution.

B. Project execution

1. Implementing mechanisms

- 3.2 The project will be implemented at two levels by the departments within the MEP that are responsible for preschool education and third cycle: (i) at Ministry headquarters, the Departments of Preschool Education and Secondary Education set up in late 1996; and (ii) locally, with the advisory assistance and supervision of the regional departments in accordance with the strategies for ministerial regionalization. Specific responsibilities may be assigned to other departments within the MEP in carrying out each project component depending on the particular needs.
- 3.3 The project will be coordinated with the collaboration of a Project Coordinating Unit (PCU), which will report to the MEP. The PCU will employ the resources, experiences, and working mechanisms developed and tried under the PROMECE. Its expenses will be minimized insofar as is possible to bring them into line with the cost levels of areas within the MEP having similar functions and duties. The PCU will work closely with areas having responsibility for the organizational, technical, pedagogical, and management aspects of the operation in order to attain the objectives and goals of the project.
- 3.4 The Ministry will have an advisory team to provide institutional guidance and coordination for the project. The members of this group will be the deputy ministers of education, the directors of the areas associated with project components in the Ministry and the director of the PCU. The Minister, through the PCU, will coordinate, monitor, and evaluate the activities of the participating entities and agencies from inside and outside the Ministry.
- 3.5 Procurement will be conducted quickly and efficiently with the proceeds of the loan in accordance with the Bank's standard procedures.
- 3.6 The duties of the PCU will include planning, organization, and coordination, with all matters involving educational policy decisions and the approval of plans and budgets being submitted to the Ministry. The Ministry will decide on matters that need the approval of the Council on Education. All matters requiring the

Bank's nonobjection will need to be submitted to the latter by the PCU in accordance with IDB procedures. The unit will be in charge of such activities as: (i) processing of bidding procedures and procurement or assistance to the boards so they can handle the process directly, as the case may be; (ii) preparing the terms of reference for studies and consultants; (iii) conducting specific technical and operational studies; and (iv) monitoring the activities of each component and the agreements entered into with other agencies. It will also supervise local and international consultants that provide advisory support and assistance for project activities, with the help of staff seconded for this purpose.

- 3.7 The MEP, with the help of technical consultants, will strengthen the unit in charge of organizing and supervising the third cycle and providing advisory support. This unit is attached to the Secondary Education Department. The Ministry will ensure that its planning, administrative, and teaching departments work closely together to ensure that the project goes smoothly. The negotiation missions will verify that this unit is functioning.
- 3.8 Based on an analysis of the Ministry's formal and nonformal programs, the Secondary Education Department will propose possibilities for developing the third cycle with a view to ensuring equivalence with project schools. The Secondary Education and Preschool Education Department will gradually take on more responsibilities in order to ensure the continuity of the project after its completion.

a. Education and administration boards

- 3.9 To expedite the bidding and procurement process, whenever possible, the MEP will turn responsibility for handling works contracts and contracts for certain items of equipment and supplies over to the boards of education and administration. This arrangement is particularly appropriate in the case of rural kindergartens, which will be constructed in accordance with criteria approved by the Bank and the MEP.

b. Specialized levels of participation

- 3.10 The National Center for Physical Infrastructure for Education (CENIFE), a branch of the MEP, will supervise the works. This agency is in charge of the design, standardization, and construction works for all areas of the educational system. Alternatively, works supervision may be contracted out to private companies, depending on how far away the sites of the proposed construction would be. CENIFE will propose the terms of reference for the tenders on construction works to be handled by the boards of education and administration, will lend technical assistance, and serve in a supervisory role for quality control.

- 3.11 A blueprint for a third cycle rural school was drawn up during project preparation. This model will be adapted to suit the geographical and climatic characteristics of each locality. This work will be done by CENIFE with the assistance of an engineering expert from the PCU on the basis of the soil samples from lands contributed by the communities participating in the project. CENIFE will also be responsible for preparing the prototype designs of the kindergartens, an area in which it has considerable experience.
- 3.12 As a condition for initiation of the activities, an agreement on the development of radio-kindergarten must be entered into between the MEP and the ICER.
- 3.13 The staff training program will be open to the MEP departments, private agencies, and public agencies such as the Costa Rican Institute of Technology, universities and the National Institute of Learning, and specialized NGOs. The MEP and the Civil Service Commission will decide on what needs to be done to ensure that courses and other training activities (i.e. seminars and workshops) are taken into account for purposes of career development and ranking of teachers by seniority, as required by legislation in force.
- 3.14 The MEP's Planning Department will ensure that the new schools and the kindergartens are located in places within easy reach of the target communities. A budget will be allocated for this work.
- 3.15 The communities acting on their own or through their boards of education and administration will support the educational process. The analysis mission has been able to confirm that the communities are actively involved in the local education programs and centers. Families and youth groups in particular will be encouraged to engage in volunteer work in kindergartens in rural areas. Companies, social agencies, and financial institutions will be encouraged to lend support for schools, particularly for the "active and productive life."

2. Schedule of activities

- 3.16 The project activities are summarized in the logical framework (see Annex I). The schedule for disbursement of the loan and the local counterpart funding is presented in Table 3.1. The deadlines given in the timetable are conservative and the project team expects the work to proceed at a faster clip.

Table 3.1
PROJECTED DISBURSEMENTS FOR THE PROJECT
(in thousands of U.S. dollars)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total	%
IDB/OC	1,879	4,130	5,704	7,326	8,962	28,000	70.0%
Local	497	1,142	2,038	3,386	4,937	12,000	30.0%
Total	2,376	5,272	7,742	10,712	13,899	40,000	100.0%
%	5.9%	13.2%	19.4%	26.8%	34.7%	100.0%	

- 3.17 For the first subcomponent, emphasis will be placed on adjusting the curricula for the preschool models and on preparing teaching materials. At the start of the project, the MEP will assign two preschool teachers to the ICER to prepare materials for radio-kindergarten.
- 3.18 One of the first activities will be finding a suitable site for the summer kindergartens, rural kindergartens, and the radio-kindergarten. The MEP has already identified the schools at which kindergartens in low-income urban neighborhoods will be built.
- 3.19 In the second component as well, attention will focus on the curriculum and the design of teaching materials during year one. It is important to remember that during project preparation, the MEP selected the sites of the first 16 schools and 16 communities have been preselected for another 16 schools, with the help of the regional departments and the communities.

3. Procurement of goods and services

- 3.20 The MEP through the PCU will be responsible for the bidding process and procurement, and will advise and supervise the boards of education and administration when the latter handle construction or procurement responsibilities themselves.
- 3.21 Procurement and construction will be carried out in accordance with the Bank's procedures. International competitive bidding will be required for all contracts valued at more than US\$250,000 in the case of goods, and US\$2 million in the case of construction works. Since IDB-financed projects in Costa Rica have been plagued by serious problems, the project team recommends more flexibility in the procurement methods used for contracts in amounts below the thresholds set for international competitive bidding.
- 3.22 The physical infrastructure for kindergartens entails minor, standardized works, that will be built in many different parts of the country. It will involve 68 classrooms most of which will be annexes to schools in low-income urban areas and 80 small rural kindergartens. The plan is for the local boards of education to

put the works out to contract in accordance with the criteria established by the MEP/CENIFE, so that the contract award process will be transparent and competitive. PROMECE has prepared detailed guidelines for the work with the communities from the awareness and motivation stage on to final delivery of the works. These guidelines can be easily adjusted to suit the new project. Should the boards be unwilling or unable to assume responsibility for classroom construction, price shopping will be used to select construction firms. In each case, the technical supervision will be in the hands of CENIFE.

- 3.23 The construction of the 40 schools will be divided into packages of three to five schools each, grouped by geographic proximity. Contracts will be awarded by local competitive bidding, without restriction on other member countries of the Bank, for packages valued at up to US\$2 million. The Bank's experience has been limited to relatively minor construction works in which only small local companies took part because the works were spread over a wide geographical area.
- 3.24 As the schools will be scattered across the country, the Bank will consider the possibility of authorizing the boards of administration to arrange for construction in accordance with the selection criteria agreed on with the MEP and based on the experience the boards of education have had with the physical infrastructure component for preschool education.
- 3.25 The contracts for services, including technical assistance and training, will be awarded in accordance with the Bank's procedures.

4. Supervision

- 3.26 The schools and preschool models will be monitored continuously during the first two years that they are functioning. Adjustments to the curriculum and operations will be based on initial experiences. In this way, problems may be resolved as they are encountered rather than waiting until the project has advanced so far that corrective measures are no longer practicable.
- 3.27 The Bank's Country Office in Costa Rica will be responsible for project supervision. The sector specialist will work closely with the MEP throughout the operation including the monitoring of project goals and objectives. Assistance will also be provided by the staff of the PCU.
- 3.28 On the basis of the semiannual indicators of the rate of advance, the executing agency, through the PCU, will prepare an annual report for submission to the Bank by September 30 of each year. These reports will be reviewed together by the executing agency and the Bank at meetings to be held in the final quarter of each calendar year. The reports will be used as a basis for making any

adjustments that may be needed to the operating mechanisms of the project and to draw up the action plan for the next year.

- 3.29 The annual reports will convey the following information: (i) the general status of the project, setting out for comparison the actual results of project activities and the results initially expected and the increase in public spending on preschool, primary, and secondary education (see logical framework and key performance indicators, in Annexes I and II); (ii) an analysis of major problems encountered; (iii) an evaluation of the activities carried out by the boards of education and administration, describing how maintenance on the education centers was performed; (iv) an analysis of the availability of funding from the national budget and the expected time of delivery of these resources; (v) the results of the external audit; and (vi) a comparison of actual expenses and expenses projected in the project report.

5. External audit

- 3.30 The project financial statements, audited by a firm of independent public accountants acceptable to the Bank, will be presented each year to the Bank.

6. Evaluations

- 3.31 An external evaluation will be performed two and one half years after the first disbursement of IDB financing. It will include an analysis of the accomplishments and any problems identified together with recommendations on modifications and adjustments for the remainder of the project. This evaluation will be examined by the project authorities and the Bank. The evaluation will review key project indicators, annual progress reports, and other project reports furnished by educational centers, regional departments, and other branches of the MEP.
- 3.32 Although a final evaluation of the project is not required, the Ministry will verify its rate of advance against the key performance indicators and on the basis of information gathered by the MEP. Upon completion of the project, the MEP is expected to continue performing assessments of the rural school models and kindergartens, and the corresponding efficiency indicators, using the mechanisms established for this purpose. This analysis will make it possible to perform needed adjustments and to replicate the models developed for the project in the future.

IV. FEASIBILITY, BENEFITS, AND RISKS

A. Feasibility of the project

1. Technical feasibility

- 4.1 From a technical standpoint, the solutions proposed in the various project components are feasible although a determined effort is demanded to implement them. Perhaps, the greatest technical challenge will be posed by the radio-kindergarten program since kindergarten activities and materials will need to be adapted to a modality in which the communities (mainly the parents) will be called on to assume a vital role in the educational process for the program to be a success. The ICER's extensive and successful experience and the broad participation and considerable interest shown by rural communities in education attest to the feasibility of this activity (see paragraph 1.28).
- 4.2 Training activities for teachers and management, and coordinating and advisory staff are proposed to guarantee that the operation will proceed smoothly. In addition, features have been included to strengthen the Department of Preschool Education and to set up and develop the Third Cycle Unit, which will be responsible for project execution. The PCU, which will be attached to the MEP, will help with these strengthening activities, with officials from the MEP being brought into the process.

2. Socioeconomic feasibility

- 4.3 The project will prove cost effective inasmuch as it will maximize the use of existing infrastructure and facilities. For instance, the 80 summer kindergartens will make use of primary schools on Saturdays and during holidays. The rural kindergartens will share some facilities of some nearby primary schools. The new schools will also share the facilities of other schools for some educational activities. Certain sports events, for example, will be held on the grounds of other educational centers. The National Institute of Learning and the technical schools will coordinate efforts to provide material for science and technology projects and the "active and productive life" program. Community-owned areas and company properties will be used temporarily for gardening projects. Crafts and artistic activities will be offered in community spaces. A cost recovery mechanism will be introduced to minimize the cost of teaching materials to the government.
- 4.4 The project will improve the internal and external efficiency of basic education in rural and low-income urban areas around the country, with the resulting savings in costs/student, and will translate into: (i) higher rates of promotion in lower-secondary school, as repeater and dropout rates are brought down; (ii) lower

repeater and dropout rates in grade one resulting from the broader coverage of preschool education; (iii) curricula being adapted to local conditions; (iv) more resources being available for learning and the more effective use of such resources in conjunction with methodologies that improve student performance; (v) training for management, technical, and teaching staff; and (vi) better overall academic performance. As a result of these improvements, the quality control tests applied by the MEP at the end of the third cycle are expected to show that the performance of students attending the project-built schools is generally higher than that of students in other rural schools in the country.

- 4.5 The improvements in the repeater, promotion, and intra-year dropout rates is expected to result in fewer years in third cycle in rural areas. The project aims to make more opportunities available for young people living in poverty, who are socially and economically more vulnerable. Putting basic education up to the third cycle within their reach will make it much easier to continue with the next level of secondary education and even to attend university. The country will benefit from a large stock of more educated human capital through the more effective use of resources allocated to education. Furthermore, the economic efficiency of the project is justified by the high rate of return on secondary education in Costa Rica (see paragraph 1.24).

3. Institutional feasibility

- 4.6 The government and the project team are aware of the institutional bottlenecks that have hindered the progress of earlier IDB-financed projects. These projects were delayed by cumbersome procurement procedures, lengthy and complex appeals to contract awards, and weaknesses in project coordinating units. These problems are further compounded by the fact that just obtaining approval for a loan in the Legislative Assembly can often take up to a year or more.
- 4.7 With a view to facilitating project execution, the responsibilities at the different hierarchical levels having a prominent part to play in the operation have been clearly defined. The MEP has opened a dialogue with these different levels of authority to discuss the various roles and responsibilities involved.
- 4.8 Drawing on the experience of the PROMECE Coordinating Unit, it was agreed that the latter would collaborate with the present project. Following two difficult years and poor performance during the startup of PROMECE, the unit has managed to overcome many of the problems. Based on this success, the MEP proposes to use the same unit for the new project in order to capitalize on its experience and avoid the delays and hitches that initially hampered PROMECE. The unit and the project team together reviewed the activities proposed for the new project and helped to plan the work and procurement schedule.

- 4.9 The private sector and the services of at least one NGO will be needed for the project. On a number of occasions, the Association of Trade and Industry (Cámara de Industrias) has expressed its concern to the project team about secondary education programs not being relevant to productive activities. The Association has indicated its willingness to help seek solutions to these shortcomings and consequently the business sector is expected to become actively involved in developing the "active and productive life" program for the third cycle. Given its extensive experience with teaching and learning by radio, the ICER will be the NGO taking part in the project.
- 4.10 The new project is counting on broadening community participation. Considering that boards of education and administration have discharged their responsibilities efficiently and enthusiastically, the MEP has requested that the boards be given additional responsibilities so that they can be actively involved in purchasing and minor construction works such as rural kindergartens. The MEP has now successfully transferred responsibilities in this area to the boards. Their participation is expected to result in activities being completed more rapidly. Local consultants will also be hired to review and streamline the standards and procedures established by the boards.
- 4.11 As far as the bidding process bottleneck is concerned, a new Administrative Contract Act, which took effect in 1996, will eliminate many of the problems resulting from appeals of contract awards. Although sections of this new law and its implementing regulations are being challenged as unconstitutional, the sections that limit the right of appeal, which are the most important in terms of this project, are not affected.

4. Financial feasibility

- 4.12 A financial analysis has been performed on the fiscal impact of the project and the feasibility of funding recurrent expenses. The fiscal impact analysis compared projected annual expenses for each year of the project with the projected central government deficit (using the Ministry of Finance model for revenue and expense projections and to review compliance with IMF fiscal targets). The results of the study show that the project will have a relatively minor marginal impact (not more than 0.15%) on the central government deficit to GDP ratio, regardless of whether economic growth is slow, moderate, or brisk during project execution.
- 4.13 Any increase in recurrent expenses will be marginal compared with the present level and trend in MEP spending. The project's recurrent expenses will run on average at 1.061 million constant colones a year and the average annual increase in MEP recurrent expenditure in the 1992-1995 period was 4.589 million constant colones. The annual number of staff that will be hired on average over the five-year duration of the project (27 for preschool, and

72 teachers and 33 nonteaching staff for third cycle) pales in comparison with the average annual number that was hired by the MEP between 1992 and 1996 (121 for preschool and 320 teachers and 278 nonteaching staff for third cycle). Consequently, although the fiscal austerity is likely to continue, recent trends seem to indicate that the increased number of teaching positions will make it possible to cover the additional positions needed for the project.

- 4.14 Although average project outlays are small compared with the central government deficit and the recurrent expenses for the project are relatively minor, it should be clarified that these conditions in themselves are not sufficient to guarantee the project's financial feasibility, which will also depend on the amount of new funding requested of the MEP, the budgetary ceiling on educational funding, and how funding for this project will fare against claims for funding of alternative outlays. Nevertheless, the high priority that the government has accorded to education, and particularly to the universalization of preschool education and the expansion of basic education, is likely to make funding more readily available for the project.
- 4.15 To preclude delays of the kind that frustrated PROMECE and other IDB-financed projects, the government: (i) clarified how much public funding is available to cover this project, and (ii) set a deadline of 45 days for the transfer of loan funds to the project.

5. Environmental and social viability

- 4.16 The environment and social impact report (ESIR) 9/ was reviewed by the Committee on Environment and Social Impact (CESI) on February 18, 1997. The Committee recommended that the project team prepare a loan proposal with a summary of the findings of the ESIR, including: (i) a requirement that prior to the first disbursement for construction works an agreement be signed between the Ministry of Public Education and the National Technical Secretariat for the Environment setting out the environmental procedures to be applied to the project based on the recommendations contained in the ESIR; 10/ and (ii) a description of how the recommendations on environmental education and indigenous issues will be worked into

9/ Herbert Farrer C., "Aspectos Ambientales del Proyecto Educación Preescolar y Tercer Ciclo" [Environmental Aspects of the Preschool and Third Cycle Education Project], February 1997. Social Development Technical Unit, Office of the Second Vice President of the Republic, IDB technical cooperation project ATN/SF-4642-CR.

10/ This recommendation made by the CESI/TRG will be one of the loan conditions, and the project team will recommend that the procedures presented in the Farrer paper, op cit, be taken into account by the MEP.

the program and/or any additional conditions that may be needed to implement these recommendations.

- 4.17 The ESIR contains: (i) a detailed description of the environmental procedures used for the PROMECE program; (ii) an observation to the effect that the PROMECE works are being carried out in a reasonably sound framework in terms of safety and the environment; (iii) an analysis of the impact that the new project will have on indigenous populations and the recommendation that the Department of Indigenous Education frame an environmental education program for the third cycle; 11/ and (iv) a detailed description of the environmental content of the curriculum proposed for third cycle, noting how activities in progress and those proposed for the program complement one another. 12/

B. Benefits of the project

- 4.18 Some of the benefits of expanding preschool education are: (i) it will reduce repeater and dropout rates, particularly in grade one; (ii) children will be able to enroll in the first cycle at the proper age; (iii) learning and physical disabilities such as myopia, hearing impairment, and poor motor coordination will be detected much sooner; (iv) intelligence, reasoning ability, and social skills will be stimulated at an earlier age; and (v) child nutrition will be improved, thereby enhancing growth and development (mainly through school meal programs for kindergartens in low-income urban districts where children attend school daily).
- 4.19 At the third cycle level, the advantages are both considerable and varied since the country will benefit in the medium and long term from the increase in the stock of human capital in terms of: (i) raising productivity, (ii) improving the earning capacity of graduates and bringing about a consequent flattening of income inequality, (iii) breaking the chain of inter-generational poverty, (iv) boosting the capacity of graduates to contribute to the country's competitive position in international markets, (v) enhancing the capacity of graduates to assimilate and take part in technological change, and (vi) heightening ecological awareness among students and graduates of the education system.
- 4.20 The project will apply in Costa Rica a model never before tried that will make it possible to raise the level of schooling of the working age population, and to address the inequities that now exist between urban and rural areas as far as access to the first level of secondary education is concerned. This aim is consistent

11/ The project will provide funding for consultants to perform this task.

12/ The ESIR summed up the broad scope of the environmental issues that will be incorporated into programs for schools financed under the project.

with the importance that Costa Rica attaches to education as well as with the thrust of the Constitution which makes basic education compulsory up to the end of third cycle.

- 4.21 Students who attend the schools will benefit as well from being more employable through the addition to the curriculum of subjects such as information technology, English, and the active and productive life course. Since a level of instruction equivalent to third cycle is presently required for admission to certain courses in worker training institutions, the project will amplify the opportunities for nonformal training for youth from rural areas who were previously unable to pursue their studies upon completion of primary school. At the same time, those wishing to continue their studies will have completed the mandatory requirements.

C. Main risks associated with the project

- 4.22 Financial constraints. The Costa Rican government has introduced an austerity program to reduce the size of the fiscal deficit. This policy has led to a decline in local and external funding for investment and a contraction in counterpart resources. Funding allocated to project executing agencies has also slowed. This policy is expected to continue at least until the end of 1997. The government is committed to setting aside sufficient funding in the national budget to cover the first year of the project.
- 4.23 Political commitment. Since elections are slated for 1998 and a new government will take office, uncertainty exists as to the new administration's commitment to the project. Nevertheless, an informal survey of the country's two main political parties found that the objective of the project would not appear to conflict with the priorities of each party.

COSTA RICA: PRESCHOOL EDUCATION AND THIRD CYCLE LOGICAL FRAMEWORK OF THE PROJECT

DESCRIPTIVE SUMMARY OF OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL: Achieve equal opportunity of access to education in Costa Rica.	1.1 Best indicator of ratio of population in school to population not in school in low-income urban and rural areas.	1.1 National Household Survey.	1. The government continues giving priority to actions to combat poverty.
PURPOSE: Coverage and quality of preschool education and basic third cycle education improved.	1.1 Coverage of third cycle increased by 9% from the year before project. 1.2 Coverage of third cycle increased by 6% from year before project. 1.3 Repeater and dropout rates in third cycle in rural areas lowered from 16.8% to 10% and from 12% to 9%, respectively.	1.1 MEP statistical reports (annual). 1.2 MEP statistical reports (annual).	1. Budgetary resources available to cover the operating expenses incurred by the MEP. 2. Inflation within targets that are manageable for government.
COMPONENTS 1. Preschool education expanded in low-income urban neighborhoods and rural areas through nontraditional modalities. 1.1 Infrastructure in place and fitted out with the capacity to accommodate 6,030 children a year. 1.2 Quality of pre-school education improved.	1.1 8,230 children enrolled in preschool education in low-income urban districts. 25,420 children served by the project. 1.1.1 68 kindergarten classrooms for children of transition age at schools in low-income urban areas built, outfitted, and functioning with capacity for 3,400 boys and girls a year. 1.1.2 80 small rural kindergartens built, outfitted, and functioning with a capacity for 1,280 children each year. 1.1.3 30 summer kindergartens built, outfitted, and functioning in rural areas with a capacity for 750 children a year. 1.1.4 40 radio-kinder programs in scattered rural areas, functioning to accommodate 2,800 children a year. 1.1.5 162 teachers, 255 members of boards of education, and 11,220 parents and other individuals involved in the educational process trained. 1.2.1 Curriculum content for nontraditional preschool models designed, validated, and functioning. 1.2.2 Teaching materials and work manuals for teachers, parents, and other participants in the educational process produced and distributed.	1.1 MEP and project annual statistical reports. 1.1.1 Semiannual reports on the construction process. 1.1.2 Semiannual reports on the construction process. 1.1.3 Semiannual reports on the construction process. 1.1.4 Semiannual reports on the construction process. 1.1.5 Statistical reports on staff training (semiannual). 1.2.1 Study programs available at the end of year one. 1.2.2 Teaching material printed and accounting records. Semiannual statistics on distribution of teaching material and costs recovered.	1. The MEP-ICER agreement on radio-kinder signed as planned. 2. The appeals by construction firms on contract awards and bidding on equipment resolved speedily. 3. Teachers' unions support the use of nontraditional systems of preschool education.

DESCRIPTIVE SUMMARY OF OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
1.3 Program for strengthening of preschool education by the MEP completed.	<p>1.2.3 All radio programs for radio-kinder produced and in use.</p> <p>1.2.4 All teaching material for practice sessions with children procured and used.</p> <p>1.2.5 Longitudinal study of impact of preschool education on basic education completed and used to adjust the curriculum and methodologies for the system.</p> <p>1.3.1 40 MEP management, coordination, and advisory officials trained and supporting the preschool educational programs in place.</p> <p>1.3.2 Office equipment and 3 vehicles for organization and supervision of preschool education in use by Preschool Education Division. Libraries, recording and video equipment for preschool education assigned and in use by the Preschool Education Division and the regional divisions at the end of year one.</p> <p>1.3.4 Administration of preschool education improved.</p>	<p>1.2.3 Semiannual reports on radio programs prepared and broadcast for radio-kinder.</p> <p>1.2.4 Annual report of Preschool Education Division.</p> <p>1.3.3 Progress report on the study at the end of years 2, 3, and 4 of project. Final report on study in year 5.</p> <p>1.3.1 Statistics on individuals trained (semiannual).</p> <p>1.3.2 Accounting information and inventory at the end of year one of project.</p> <p>1.3.3 MEP annual reports.</p>	
<p>2. Third cycle offered in rural areas with flexible educational structure and high quality education.</p> <p>2.1 Infrastructure and services in place and functioning for 40 schools.</p> <p>2.2 Quality of third cycle in rural areas raised.</p> <p>2.3 Program for strengthening of preschool education by the MEP completed.</p>	<p>2.1 Capacity of basic third cycle education increased to 9,067 students a year in grades 7, 8, and 9. 11,142 students served by the project in 5 years.</p> <p>2.1.1 40 third cycles in rural areas built, outfitted, and functioning, with a total capacity for 9,067 students.</p> <p>2.1.2 School year adapted to suit a flexible school calendar and study modules and proper technology for raising the quality of education and return on schooling.</p> <p>2.2.1 Third cycle curriculum adapted and high quality.</p> <p>2.2.2 360 teachers, 40 school principals, 120 technical and professional staff, and 160 members of school administration boards trained and participating in their operation.</p> <p>2.2.3 All teaching resources and material for education (textbooks, self-study material, and handbooks for teachers and students) in use.</p> <p>2.3.1 Coordinating and advisory unit for third cycle set up within MEP.</p> <p>2.3.2 40 management, coordinating, and advisory officials from MEP headquarters and regional branches trained and supporting the schools.</p>	<p>2.1 MEP and project statistical reports.</p> <p>2.1.1 Semiannual reports on construction process.</p> <p>2.1.2 Reports and curriculums (semiannual).</p> <p>2.2.1 Impact studies of project at end of years 2 and 5.</p> <p>2.2.2 Statistics on persons trained (semiannual).</p> <p>2.2.3 Annual reports on quantity and quality of material prepared and distributed.</p> <p>2.3.1 Organizational chart of MEP in effect in first six months of project.</p> <p>2.3.2 Statistical reports on staff training (semiannual).</p>	

DESCRIPTIVE SUMMARY OF OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>2.3.3 Office, teaching, and transport equipment for administration, organization, and supervision of third cycles in rural areas in place and functioning.</p> <p>2.3.4 Advisory support for third cycle education and its administration and supervision improved.</p>	<p>2.3.3 Documents on equipment delivered to MEP and accounting records, at end of year one.</p> <p>2.3.4 MEP annual reports.</p>	
<p>GENERAL ACTIVITIES</p> <p>1.1 Establishment of technical and administrative standards for the project.</p> <p>1.2 Preparation of annual operating plan.</p> <p>1.3 Design and implementation of monitoring plan.</p> <p>1.4 Project impact assessment.</p> <p>1.5 Redesign of processes and budget.</p> <p>1.6 External audits.</p>	<p>Approved budget for Coordinating Unit. In addition:</p> <p>1.1 Projects standards and regulations applied.</p> <p>1.2 Operating plan prepared each year.</p> <p>1.3 Indicators for monitoring and control prepared quarterly.</p> <p>1.4 Evaluation studies completed at end of years 2 and 5.</p> <p>1.5 Processes and budget redesigned on the basis of impact assessments at beginning of year three.</p> <p>1.6 External audit conducted at end of each year of project.</p>	<p>Financial reports on expenses incurred, and:</p> <p>1.1 Standards and regulations approved at end of first quarter of project.</p> <p>1.2 Operating plan used in each year of project.</p> <p>1.3 Quarterly reports.</p> <p>1.4 Impact assessment reports.</p> <p>1.5 Modification of budget approved periodically.</p> <p>1.6 Auditors report.</p>	
<p>ACTIVITIES OF COMPONENT 1</p> <p>1.1.1 Studies on availability of land and possibility of setting up kindergartens and radio-kinder.</p> <p>1.1.2 Selection of sites and schools for kindergartens and radio-kinder.</p> <p>1.1.3 Design and approval of plans for kindergartens.</p> <p>1.1.4 Bidding on construction works for kindergartens.</p> <p>1.1.5 Contracts for construction works awarded.</p> <p>1.1.6 Agreements with educational boards on construction of some kindergartens.</p> <p>1.1.7 Inspection of works.</p> <p>1.1.8 Bidding on equipment.</p>	<p>Budget approved for Component 1. In addition:</p> <p>1.1.1 Feasibility studies for kindergartens available in first half of years one, two, and three.</p> <p>1.1.2 Localities selected for kindergartens and radio-kinder.</p> <p>1.1.3 Plans approved and used.</p> <p>1.1.4 Construction works put out to tender.</p> <p>1.1.5 Contracts for works awarded.</p> <p>1.1.6 Boards of education taking part in contract award and procurement process.</p> <p>1.1.7 Quality standards applied.</p> <p>1.1.8 Bidding completed.</p>	<p>1.1 Financial reports on expenses incurred, and:</p> <p>1.1.1 Technical reports on feasible sites of kindergartens, and criteria in use.</p> <p>1.1.2 Annual administrative reports.</p> <p>1.1.3 Records of approval of plans at end of year one.</p> <p>1.1.4 Quarterly report on bidding completed.</p> <p>1.1.5 Quarterly report on construction contracts awarded.</p> <p>1.1.6 Reports of boards and schools.</p> <p>1.1.7 Systematic reports.</p> <p>1.1.8 Quarterly reports.</p>	<p>1. Objective criteria will be used to determine the location of kindergartens in low-income urban districts and rural areas.</p> <p>2. One half of kindergartens at the most will need power-generating plants.</p> <p>3. Ceilings on contracts for works and equipment by educational boards adjusted.</p>

DESCRIPTIVE SUMMARY OF OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
1.1.9 Procurement and installation of equipment.	1.1.9 Equipment and furniture available.	1.1.9 Quarterly reports on accounting records.	
1.1.10 Commissioning of kindergartens.	1.1.10 Construction, equipment, and public services functioning.	1.1.10 MEP annual reports.	
1.1.11 Signature of MEP-ICER agreement.	1.1.11 Process of technical preparation of radio-kinder implemented starting in the second quarter.	1.1.11 Report on signature of agreement.	
1.1.12 Assignment of MEP staff to kindergartens.	1.1.12 Staff taken on at kindergartens.	1.1.12 MEP staff complements (quarterly).	
1.1.13 Activities to encourage participation by parents, families, and civil society.	1.1.13 Parents, families, and civil society taking part in programs.	1.1.13 MEP annual reports (regional divisions).	
1.2.1 Hiring of local and international consultants.	1.2.1 80% of local consultancies completed in year one and 20% in year two. One half of international consultancies completed in year one and the remainder in year two.	1.2.1 Consultants' reports, as each one is completed.	
1.2.2 Preparation of curriculum for school model.	1.2.2 All of the curriculums adapted and applied by the end of year two.	1.2.2 Curricular documentation. Annual report.	
1.2.3 Preparation of handbooks and written teaching materials.	1.2.3 Handbooks and teaching materials in use.	1.2.3 Handbooks and teaching materials available.	
1.2.4 Preparation of radio programs.	1.2.4 Materials for radio-kinder in use.	1.2.4 Annual technical reports on radio-kinder.	
1.2.5 Validation of programs and written materials.	1.2.5 All materials and programs adjusted by end of year two.	1.2.5 Annual technical reports.	
1.2.6 Reproduction of teaching programs and materials.	1.2.6 Teaching programs and materials available: 70% by the end of year one and 30% in year two.	1.2.6 Annual accounting reports.	
1.2.7 Distribution of written teaching materials.	1.2.7 Material in use, according to schedule for children in school.	1.2.7 Semiannual administrative reports.	
1.2.8 Acquisition of educational working materials for children.	1.2.8 Materials available and in use according to schedule targets for students.	1.2.8 Semiannual administrative reports.	
1.2.9 Preparation of training plan for teachers and other participants in the educational process.	1.2.9 Training plan prepared according to schedule.	1.2.9 Annual training plans in use.	
1.2.10 Contracts awarded for training, if necessary.	1.2.10 Training firms taking part in process.	1.2.10 Semiannual reports on contract awards.	
1.2.11 Training development.	1.2.11 MEP staff and other participants trained.	1.2.11 Semiannual statistical reports.	
1.3.1 Preparation of training plan for pre-school educational staff.	1.3.1 Training plan completed and functioning.	1.3.1 Training plan in use (annual).	
1.3.2 Contracts awarded for training, if necessary.	1.3.2 Training firms taking part in process.	1.3.2 Semiannual reports on contract awards.	
1.3.3 Training development.	1.3.3 Staff trained.	1.3.3 Semiannual statistical reports.	

DESCRIPTIVE SUMMARY OF OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>1.3.4 Procurement of office, teaching, and transport equipment for preschool education.</p> <p>1.3.5 Installation of equipment.</p> <p>1.3.6 Hiring of consultant for longitudinal study.</p> <p>1.3.7 Study performed.</p> <p>1.3.8 Adjustments to preschool education by MEP.</p>	<p>1.3.4 Equipment available at Preschool Education Division and regional divisions, in use.</p> <p>1.3.5 Equipment used in year one.</p> <p>1.3.6 Study commissioned in year two of project.</p> <p>1.3.7 Information on impact of preschool education.</p> <p>1.3.8 Feedback on preschool education and adjustments made on basis of longitudinal study.</p>	<p>1.3.4 Accounting and administrative reports at end of year one.</p> <p>1.3.5 PCU reports.</p> <p>1.3.6 Contract report.</p> <p>1.3.7 Progress reports and final report on study.</p> <p>1.3.8 Technical report in year three and on completion of project.</p>	
<p>ACTIVITIES OF COMPONENT 2</p> <p>2.1.1 Field analysis to determine feasibility and to identify land available for schools.</p> <p>2.1.2 Selection of localities for schools.</p> <p>2.1.3 Design and approval of plans for schools.</p> <p>2.1.4 Bidding on construction works.</p> <p>2.1.5 Contracts for construction works awarded.</p> <p>2.1.6 Inspection of works.</p> <p>2.1.7 Bidding on equipment.</p> <p>2.1.8 Selection, procurement, and installation of equipment (classrooms and laboratories).</p> <p>2.1.9 Schools functioning.</p> <p>2.1.10 Assignment of MEP staff for schools.</p> <p>2.1.11 Activities to obtain support of civil society for schools.</p> <p>2.2.1 Hiring of consultants.</p> <p>2.2.2 Design of curriculum for "Active and Productive Life".</p> <p>2.2.3 Adapting third cycle curriculum to conditions of rural schools.</p>	<p>Budget approved for Component 2. In addition:</p> <p>2.1.1 Feasibility studies completed in first half of years one, two, and three.</p> <p>2.1.2 Sites proposed for construction of schools objectively selected.</p> <p>2.1.3 Plans approved and in use by end of year one.</p> <p>2.1.4 Bidding on construction works in years one, two, three, and four according to schedule.</p> <p>2.1.5 Contracts for works awarded.</p> <p>2.1.6 Quality standards applied systematically.</p> <p>2.1.7 Bidding completed.</p> <p>2.1.8 Equipment and furniture available.</p> <p>2.1.9 Construction, equipment, and public services functioning.</p> <p>2.1.10 Staff taken on at schools, according to schedule.</p> <p>2.1.11 Civil society, companies, and other individuals supporting schools.</p> <p>2.2.1 Consultancies completed: 63% in year one, 19% in year two, and 18% in year three.</p> <p>2.2.2 Curriculum in use in year two of project.</p> <p>2.2.3 Curriculum adapted and applied starting in year two.</p>	<p>1.1 Financial reports on expenses incurred, and:</p> <p>2.1.1 Annual technical reports on activities completed.</p> <p>2.1.2 Administrative reports (annual).</p> <p>2.1.3 Record of approval of plans.</p> <p>2.1.4 Reports on bidding (annual).</p> <p>2.1.5 Reports on contract awards (annual).</p> <p>2.1.6 Records of inspection. Monthly reports.</p> <p>2.1.7 Record of bidding.</p> <p>2.1.8 Records and accounting documentation. Annual reports.</p> <p>2.1.9 MEP annual reports.</p> <p>2.1.10 MEP quarterly staffing levels.</p> <p>2.1.11 MEP and school reports (semiannual).</p> <p>2.2.1 Consulting reports.</p> <p>2.2.2 PCU and MEP reports.</p> <p>2.2.3 PCU and MEP reports.</p>	<p>1. Objective criteria used to determine the location of schools.</p> <p>2. Land donated and registered promptly in localities.</p> <p>3. At the most, 20% of schools require well and 25% power generating plants.</p> <p>4. Teachers' unions do not oppose third cycle model in rural areas.</p> <p>5. Council of Education approves the new programs and curriculum adjustments promptly.</p>

DESCRIPTIVE SUMMARY OF OBJECTIVES	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>2.2.4 Design of teaching materials and handbooks for teachers.</p> <p>2.2.5 Validation of teaching materials and programs.</p> <p>2.2.6 Reproduction of teaching materials.</p> <p>2.2.7 Distribution of written teaching materials.</p> <p>2.2.8 Preparation of training plan for teachers and other school staff.</p> <p>2.2.9 Contracts awarded for training, if necessary.</p> <p>2.2.10 Training development.</p> <p>2.3.1 Establishment and systemic analysis of MEP unit responsible for third cycle.</p> <p>2.3.2 Preparation of handbooks and procedures for developing, providing advisory assistance to, and supervising third cycle.</p> <p>2.3.3 Design and application of processes for control and administration of education.</p> <p>2.3.4 Preparation of training plan for MEP staff at headquarters and in regions involved in third cycle.</p> <p>2.3.5 Contracts awarded for training if necessary.</p> <p>2.3.6 Training development.</p> <p>2.3.7 Procurement of equipment and vehicles for Third Cycle Unit.</p>	<p>2.2.4 Handbooks and teaching materials in use according to schedule.</p> <p>2.2.5 Material and programs adjusted and in use.</p> <p>2.2.6 Teaching programs and material in use according to schedule.</p> <p>2.2.7 Materials available and in use according to schedule.</p> <p>2.2.8 Training plan prepared and in use according to schedule.</p> <p>2.2.9 Training firms taking part in process.</p> <p>2.2.10 Staff trained and available, and members of boards of administration trained.</p> <p>2.3.1 Third Cycle Unit set up within MEP to provide guidance, advisory assistance, and supervision for third cycle in first six months of project.</p> <p>2.3.2 Procedures and standards established and functioning from year one of project.</p> <p>2.3.3 Computerized administration, monitoring, and supervision systems in place in year two of project.</p> <p>2.3.4 Training plan completed and in use.</p> <p>2.3.5 Training firms taking part in training process.</p> <p>2.3.6 MEP staff at headquarters and in regional divisions trained according to schedule.</p> <p>2.3.7 Equipment available and in use from year one of project.</p>	<p>2.2.4 Semiannual reports on schools.</p> <p>2.2.5 Semiannual technical reports.</p> <p>2.2.6 Annual accounting reports.</p> <p>2.2.7 Reports on schools (semiannual).</p> <p>2.2.8 Annual training plans in use.</p> <p>2.2.9 Semiannual reports on awarding of contracts.</p> <p>2.2.10 Semiannual training reports.</p> <p>2.3.1 MEP annual report.</p> <p>2.3.2 Handbooks and standards issued.</p> <p>2.3.3 Handbooks and systems in place.</p> <p>2.3.4 Annual training plan in use.</p> <p>2.3.5 PCU semiannual reports.</p> <p>2.3.6 Semiannual statistical reports on training.</p> <p>2.3.7 PCU and accounting reports.</p>	<p>6. MEP sets up a unit for administration of secondary school system.</p>

KEY PERFORMANCE INDICATORS
COSTA RICA: PRESCHOOL EDUCATION AND THIRD CYCLE

INDICATOR	SOURCE	PURPOSE OF INDICATOR	Project year					5-year total	Subtotal Year
			Year 1	Year 2	Year 3	Year 4	Year 5		
Component 1: Preschool education									
Income urban areas: children attending kindergarten in low-income areas supported by the project (kindergarten level)	Department of Statistics (MEP)	Determine the degree of fulfillment of preschool education coverage goals	1,500	2,500	3,400	3,400	3,400	14,200	3,400
Income urban areas: children attending kindergarten in low-income areas supported by the project (kindergarten level)	Department of Statistics (MEP)	Determine the degree of fulfillment of preschool education coverage goals		160	480	800	1,280	2,720	1,280
Income urban areas: children attending summer kindergarten in low-income areas supported by the project (kindergarten level)	Department of Statistics (MEP)	Determine the degree of fulfillment of preschool education coverage goals	50	100	200	400	750	1,500	750
Income urban areas: children taking radio-kindergarten in low-income areas (kindergarten level)	Department of Statistics (MEP)	Determine the degree of fulfillment of preschool education coverage goals	140	280	560	1,120	1,400	3,500	1,400
Income urban areas: children taking radio-kindergarten in low-income areas (pre-kindergarten level)	Department of Statistics (MEP)	Determine the degree of fulfillment of preschool education coverage goals	140	280	560	1,120	1,400	3,500	1,400
Age of preschool education extended (total of preceding indicators)	Department of Statistics (MEP)	Determine the degree of fulfillment of preschool education coverage goals	1,830	3,320	5,200	6,840	8,230	25,420	8,230
Number of built kindergartens for children in low-income urban areas that are outfitted and functioning	Semiannual project reports	Determine whether the expected results of the projects have been delivered according to plan	30	20	18			68	
Number of built kindergartens in low-income urban areas that are outfitted and functioning	Semiannual project reports	Determine whether the expected results of the projects have been delivered according to plan		10	20	20	30	80	
Number of summer kindergartens in low-income urban areas that are outfitted and functioning	Semiannual project reports	Determine whether the expected results of the projects have been delivered according to plan	2	2	4	8	14	30	

INDICATOR	SOURCE	PURPOSE OF INDICATOR	Project year					5-year total	Sul Year
			Year 1	Year 2	Year 3	Year 4	Year 5		
Kindergarten programs functioning in remote rural	Semiannual project reports	Determine whether the expected results of the projects have been delivered according to plan	4	4	8	16	8	40	
Grade dropout rate of graduates of kindergartens supported by project	Longitudinal study on impact of preschool education	Determine whether the expected results of the projects have been delivered according to plan			2%	2%	2%		2%
Grade repeater rate of graduates of kindergartens supported by project	Longitudinal study on impact of preschool education	Determine whether the expected results of the projects have been delivered according to plan			12%	12%	12%		12%
Component 2: Third cycle									
Third grade students in third cycle schools in rural	Department of Statistics (MEP)	Determine the degree of fulfillment of third cycle coverage goals		450	1,080	2,040	3,120	6,690	3,120
Third grade students in third cycle schools in rural	Department of Statistics (MEP)	Determine the degree of fulfillment of third cycle coverage goals			405	972	1,836	3,213	2,808
Third grade students in third cycle schools in rural areas	Department of Statistics (MEP)	Determine the degree of fulfillment of third cycle coverage goals				365	875	1,240	1,652
Percentage of third cycle schools (total of three indicating indicators)	Department of Statistics (MEP)	Determine the degree of fulfillment of third cycle coverage goals		450	1,485	3,377	5,831	11,143	7,580
Third cycle schools in rural areas built, outfitted, and functioning	Semiannual project reports	Determine whether the expected results of the projects have been delivered according to plan		6	8	12	14	40	
Annual dropout rate in third cycle schools supported by the project	Department of Statistics (MEP)	Determine whether the expected results of the projects have been delivered according to plan			10%	10%	10%		10%
Repeater rate in third cycle schools supported by the project	Department of Statistics (MEP)	Determine whether the expected results of the projects have been delivered according to plan			9%	9%	9%		9%

PROCUREMENT PLAN

MAIN PROCUREMENT FOR THE PROGRAM	FINANCING	METHOD	PREQUALI- FICATION	DATE (semester/ year)
1. Preschool education				
1.1 Infrastructure (US\$2,878,000)	IDB 100%	LCB/S	No	I/98- II/2001
1.2 Furniture and equipment (US\$1,038,000) - procurement is expected to be done in packages of less than US\$250,000	IDB 100%	LCB/S/DC	No	I/98- II/2002
1.3 Technical assistance and technical services (US\$225,000) - contracts are expected to be for less than US\$200,000	IDB 100%	LCP	No	I/98- II/2002
1.4 Teaching materials and software (US\$971,000) - procurement is expected to be done in packages of less than US\$250,000	IDB 100%	LCB/S/DC	No	II/98- II/2002
1.5 Training (US\$361,000) - contracts are expected to be for less than US\$200,000	IDB 100%	LCP	No	I/98-II/99
2 Third cycle				
2.1 Infrastructure, 40 schools (US\$10,624,000)	IDB 100%	LCB	No	II/98- II/2002
2.2 Furniture and equipment (US\$6,402,000) - Equipment for third cycle (US\$5,264,000) - Furniture (US\$1,138,000)	IDB 100%	ICB ICB (LB/S for packages of less than US\$250,000)	No	I/99- II/2002
2.3 Technical assistance and technical services (US\$322,000) - contracts are expected to be for less than US\$200,000	IDB 100%	LCP	No	I/98- II/2000
2.4 Teaching materials and software (US\$583,000) - procurement is expected to be done in packages of less than \$250,000	IDB 100%	LCB/S/DC	No	II/98- II/2002
2.5 Training (US\$366,000) - contracts are expected to be for less than US\$200,000	IDB 100%	LCP	No	I/98- II/2001
3 Program Coordinating Unit: Program: Furniture and equipment (US\$59,000)	IDB 100%	S/DC	No	I/98

ICB = International competitive bidding

LCB = Local competitive bidding without restriction on participants from other member countries

S = Shopping (prices quotations sought from eligible local and/or international firms)

DC = Direct contracting

LCP = Local call for proposals (The procedures set out in Annex "C" to the loan contract will apply)

RGII-CR026P
CR-0044
Original: Spanish

PROPOSED RESOLUTION

COSTA RICA. LOAN ____/OC-CR TO THE REPUBLICA DE COSTA RICA
(Preschool and Lower Secondary Education)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de Costa Rica for the purpose of granting a financing to cooperate in the execution of a Preschool and Lower Secondary Education program. Such financing will be for the amount of up to US\$28,000,000, which are part of the resources of the Single Currency Facility of the Ordinary Capital, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.