

**PROJECT TO SUPPORT ALTERNATIVE BASIC EDUCATION PROGRAMS  
AND MIDDLE SCHOOL EDUCATION**

(HO-0078)

**EXECUTIVE SUMMARY**

**BORROWER:** The Government of Honduras

**EXECUTING AGENCY:** The Ministry of Education

**AMOUNT AND SOURCE:** IDB: US\$6.55 million (FSO)  
Local contribution: US\$0.75 million  
Total: US\$7.3 million

**FINANCIAL TERMS AND CONDITIONS:** Amortization period: 40 years  
Disbursement period: 3 years  
Grace period: 10 years  
Interest rate: 1% during the grace period and 2% thereafter  
Inspection and supervision: 1%  
Credit fee: 0.5%

**OBJECTIVES:** The objective of the project is to support the Honduran government in its efforts to improve the quality of basic education and raise the level of schooling in the country.

**DESCRIPTION:** The project will attain its objectives through two components: (i) strengthening of alternative basic education programs; and (ii) support for a pilot program that will convert primary schools into basic education centers, offering grades 1 to 9. Activities under these two components will be pilot projects, and future actions by the Bank to support the Honduran government will be based on the results.

The first component will be implemented in three departments - Atlántida, Cortés, and Yoro. The main activities include: (i) incentives for the nonpublic sector; (ii) the development of guidelines and standards; and (iii) institution-strengthening.

The second component will: (i) strengthen 35 basic education centers in a new pilot project introduced by the Ministry of Education, whose purpose is to increase access to grades 7 to 9 in rural and marginal urban zones; and (ii) evaluate the cost and effectiveness of these basic education centers compared with the ministry's traditional models.

**ENVIRONMENTAL  
REVIEW:**

The Committee on Environment and Social Impact (CESI) reviewed profile II at its meeting on May 16, 1997, and its suggestions were incorporated into this document. The CESI Technical Review Group (TRG) approved this project report at its meeting on October 17, 1997.

**BENEFITS:**

Component 1. A reduction in illiteracy and an increase in the academic level of large numbers of people in the economically active population will boost the productivity and competitiveness of the work force.

Component 2. An improvement in the efficiency and quality of teaching in basic education centers, chiefly through curricular revision and performance evaluation, and the design and introduction of effective administration mechanisms that can be replicated throughout the country are direct benefits for poor Hondurans.

**RISKS:**

Weak institutional capacity. In view of the weakness of the different branches of the Ministry of Education, an execution mechanism has been designed which will include technical assistance for the ministry's permanent units in charge of implementing the different activities.

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

Investments in human capital and poverty alleviation are priorities in the Bank's strategy for Honduras. The country paper of June 1995 (document GN-1876) gives the following specific objectives for the education sector: (i) to support programs that will reduce poverty; (ii) to support the institutional strengthening and modernization of the sector; (iii) to extend and supplement the primary education reforms initiated by USAID in 1986 and complemented by the project financed by the World Bank and KfW; (iv) to increase the enrollment rate and the quality and efficiency of public education at the secondary level; and (v) to encourage deconcentration efforts to transfer responsibility for school administration and supervision to the local level.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Conditions precedent to the first disbursement. The following are to be presented to the Bank's satisfaction:

- (i) The detailed rehabilitation plan identifying specific infrastructure requirements for each of the 35 basic education centers (paragraph 2.27).

- (ii) Evidence that the following have been established: (a) the project coordination unit, staffed as agreed with the Bank; and (b) the project technical advisory committee (paragraphs 2.32, 3.1, and 3.5).
- (iii) The final text of the project operating manual, the model contracts to be signed with the civil society organizations (CSOs), and the annual operating plan for the first year (paragraphs 3.7, 3.9, and 3.20).
- (iv) A signed contract between the executing agency and the Honduran Social Investment Fund to execute the works in component 2 (paragraph 2.27).

Notwithstanding the above conditions, once the conditions precedent to the first disbursement set forth in Article 4.01 (a), (b), and (e) of the General Guidelines have been fulfilled, up to US\$300,000 of the proceeds may be disbursed after the loan contract becomes effective and prior to compliance with the above conditions, in order to make a start on project activities (paragraph 3.12).

Other special contractual conditions

The executing agency will conduct an internal evaluation of the program's operational procedures within 90 days after the date of the first disbursement.

Twenty-one months after the date of the first disbursement, the executing agency and the Bank will perform a mid-term evaluation, including a review of the external evaluation report prepared by a consultant duly hired for that purpose. The report will also include a discussion of whether the pilot project can serve as a model for a larger program (paragraphs 3.24 and 3.25).

**POVERTY STRATEGY:** The project is consistent with document GN-1916 which attaches high priority to poverty reduction, inasmuch as it will particularly benefit the poor. The beneficiaries of component 1 will be people with little or no education, who are precisely those with the lowest incomes. Component 2 will assist 35 basic education centers in departments with very low social indicators. Ten of the 11 departments have high poverty levels, eight have larger rural populations than average, and two have the highest concentration of Afro-Hondurans.

**PROCUREMENT:**

The procurement of goods and construction works will be carried out in accordance with Bank procedures. International competitive bidding will be required for goods valued at more than US\$250,000 and works over US\$1 million.

## I. FRAME OF REFERENCE

### A. Socioeconomic context

- 1.1 Honduras has a population of 5.8 million 1/ and an annual per capita income of US\$648 in constant 1990 dollars, 2/ making it one of the poorest countries in Latin America. A large percentage of the population lives in poverty or indigence. Figures for 1995 indicate that 47% of Hondurans live in poverty. This high figure is linked to low per capita income and unequal income distribution. Household surveys conducted in 1992 show that the poorest 40% of the population receives 11.2% of total income, while the wealthiest 10% obtains 41.9%.
- 1.2 The country has a high population growth rate of 2.6% 3/ owing to the persistence of high birth rates and a rapid reduction in the mortality rate. About 33% of Hondurans belong to the economically active population (EAP), and 40% of them are under 29. More than half (54%) work in rural areas. 4/ The population is growing more quickly than jobs, which is mirrored in high levels of underemployment and the existence of a large informal sector. 5/ Women are hardest hit by the problem. Although their rate of incorporation into the EAP is higher than for men as a consequence of urbanization, women only make up 30% of the country's work force.
- 1.3 High poverty levels and inadequate human resource training account for the low productivity of the work force and the shortage of skilled labor. This affects the creation of jobs that require special skills and keeps wages low. There is an increasing demand on the part of employers for higher levels of schooling. Each additional year of school brings an average increase in annual income of US\$40.
- 1.4 The Honduran economy is mainly agricultural and its export earnings depend largely on bananas and coffee, which together account for over 40% of its exports. Emerging sectors include nontraditional exports, the in-bond processing industry, and tourism. Honduras faces challenges regarding human development marked by inefficiency in its education and health care sectors. In 1994, public spending on education and health was about 7.5% of GDP (4.8% on education

---

1/ Ruta Social, Honduras: el Gasto Social y su Eficiencia [Efficiency in social spending], August 1997, p. i.  
2/ IDB, Basic Socioeconomic Data, April 21, 1997.  
3/ Ruta Social, *ibid.*, p. i.  
4/ IDB, Social Sector Guidelines, August 11, 1997, page 3.  
5/ SECPLAN, Household Survey, 1995.

and 2.7% on health). <sup>6/</sup> Public spending on education has held steady at about 4.5% of GDP in recent years.

- 1.5 Between 1990 and 1996, close to half of public spending on education (46.5%) went to finance primary schools (grades 1 to 6), with 19% going to middle and technical (secondary) education, 0.6% to adult education, 27.6% for central administration, 1.3% for construction, repairs, building maintenance, and equipment, and 5% for transfer payments.

B. The education sector

- 1.6 Honduras has made notable progress in education in recent decades, with illiteracy falling by more than 20% in the last 30 years. Enrollment in primary schools (ages 7 to 12) rose from 78% in 1980 to 90% in 1993. Over the last decade, the repeater rate fell by 20% and the dropout rate by 50%.
- 1.7 Women have performed academically as well as or better than men. In 1996, illiteracy among the female population was an estimated 27%. Rises in enrollment for girls differ greatly between urban and rural areas. Seventy-four percent of women without schooling live in rural areas; just 15% of girls enrolled in secondary school live in the countryside; and 97% of women with higher education live in cities. The retention rate and academic performance levels for girls are consistently higher than for boys on the primary and secondary levels.
- 1.8 Despite the improvement in coverage, the education system is marked by inefficiency, poor quality, inflexibility, and financial constraints. A typical student stays in school for almost seven years but only completes five grades.

Inefficiency

- 1.9 As a result of inefficiency, illustrated by high repeater and dropout rates, just 43% of pupils complete primary school and more than 30% of those who do are repeaters or are older than they should be for their grade. Repeater rates are 13.9% in the countryside and 9.3% in the cities. <sup>7/</sup> The dropout rate is high at the end of grade 6 because of inadequate offerings at the next level, which is middle school (grades 7 to 9).

---

<sup>6/</sup> IDB. RE2: Las Economías de los Países Centroamericanos [The Central American economies]. November 1996.

<sup>7/</sup> National action plan on human development, childhood, and youth: trends involving the main goals. Prospects in 1995 and outlook towards the year 2000. Second follow-up and evaluation report. 1995.

- 1.10 Secondary education is also marked by internal inefficiency. In 1996, net coverage for secondary and tertiary levels was 33% and 8.5% respectively. Between 1990 and 1992, approximately two out of every 10 students repeated one grade in secondary school and one out of every five students left the system prior to graduation. At the end of 1992, dropouts and repeaters in primary and secondary school cost the government US\$12.9 million and US\$6 million, respectively, in duplicated costs.
- 1.11 Most secondary schools are in urban areas and they account for 92% of enrollment in middle school (grades 7 to 9). The formal education system on all levels, makes it difficult for students who have left school temporarily (to help with the harvest, for example) to return, thereby increasing the chances that they never will. Youngsters who drop out of school face difficulties in their personal growth and hold back the country's economic development, since it is precisely these youths with scant education who make up most of the Honduran work force.

#### Coverage

- 1.12 Although illiteracy rates have fallen considerably over the last three decades, the system still has problems with providing an adequate supply of education opportunities. Twenty-four percent of the illiterate population (28.5%) have never received formal schooling of any kind. <sup>8/</sup> Illiteracy rates in 1996 were 26%, 26% and 30%, respectively, in the northern departments that are the highest agricultural and industrial producers (Atlántida, Cortés, and Yoro) (see Table 1-1). The population of the three departments together represents 28% of the total population of Honduras.

Table 1-1. Illiteracy levels <sup>9/</sup>

Department	Population	Percentage of national population	Illiteracy
Atlántida	304,910	5%	26%
Cortés	825,583	15%	26%
Yoro	423,398	8%	30%
Total	1,553,891	28%	27%

---

<sup>8/</sup> Ruta Social, August 1997.

<sup>9/</sup> FHS basic population data, in Ned Van Steenwyck, August 1997.

1.13 Table 1-2 shows levels of enrollment in the same three departments.

Table 1-2. Unmet demand in the three departments <sup>10/</sup>

Population by age group	No education	Grades 1 to 3 completed	Grades 4 to 6 completed	Grades 7 to 9 completed
183,000 youths between ages 15 and 19	8,000	45,000	75,000	55,000
139,200 people between ages 20 and 29	6,500	17,400	84,850	30,450
Total: 322,200 people	14,500	62,400	159,850	85,450

- 1.14 Honduras has about 79 nongovernmental organizations, trade organizations, and private institutions that offer alternative basic education programs for students who have not been served by the formal system. The programs use a variety of methods ranging from traditional classrooms to distance education and interactive radio. They covered an estimated 81,000 people around the country in 1996. About 75% of the students enrolled in these programs are women. Participation by nonpublic suppliers is an essential supplement to the limited coverage provided by the Ministry of Education, which mainly operates through the Distance Secondary Education Service. Incentives should be offered to ensure that nonpublic services continue and grow.
- 1.15 The existence of alternative programs that lack well-defined learning objectives and financial sustainability is another challenge. The Ministry of Education has no system to control or evaluate the quality of the different programs offered, and grants diplomas without systematically verifying the academic levels achieved by students.
- 1.16 Among the civil society organizations (CSOs) active in the education sector in Honduras are: (i) the Instituto Hondureño de Educación por Radio [Honduran Radio Education Institute] (IHER), also known as "*Maestro en Casa*" [Teacher in the House], is one version of a distance radio education program that has existed in Latin America for 20 years, whose main objective is adult literacy. It includes classes in the four main subjects, education on values, and labor training. The IHER offers classes up to grade 6, and the Ministry of Education grants primary school diplomas to students who complete it. It also offers grades 7 to 9. (ii) EDUCATODOS is a distance radio education program for adults, created and financed by USAID in 1996. It offers courses from grades 1 to 4 in 10 of the country's 18 departments. The program teaches two years of school in a period of 12 months. Administratively it comes under

---

<sup>10/</sup> Ibid.



the ministry's departmental bureaus. The financial sustainability of the program after USAID funding ends in 1999 is uncertain.

C. The government's education strategy

1.17 The government's goals for the year 2000 11/ are to:

- (i) Reduce repeater and dropout rates from 13% and 3.7% in 1990 to 7% and 1% by 2000.
- (ii) Increase the coverage of grades 7 to 9 from 19.7% in 1990 to 50% by 2000.
- (iii) Reduce the illiteracy rate among people over age 10 from 32% in 1990 to 16% by 2000.

1.18 The government's efforts to improve the efficiency and quality of primary education have led to higher demand for access to grades 7 to 9. Students passing grade 6 (60%) have not been absorbed into grade 7 owing to limited offerings at that level. Gross enrollment in grades 7 to 9 has remained at about 40%.

1.19 To comply with its coverage targets, in 1996 the government launched a pilot program to extend free compulsory primary education from grades 1 to 6 to grades 1 to 9. It divided the system, now known as basic education, into three cycles: first (grades 1 to 3), second (grades 4 to 6) and third (grades 7 to 9 - referred to herein as middle school). This initiative was approved under Presidential Decree 0097-EP-96. The government expects that the extension of basic education will raise the level of schooling, particularly in low-income urban and rural areas where absorption has been lowest.

1.20 The expansion of basic education will have the effect of: (i) providing physical access to grades 7 to 9 in a more economical fashion; 12/ (ii) making it easier for rural students to continue on after grade 6; and (iii) obtaining certain economies of scale in administration and infrastructure that will reduce potential costs and enable the funds available for expansion to be used economically without jeopardizing education quality. The pilot project is based on gradual expansion, by adding one grade each year in a small number of schools. In 1996, 35 schools added grade 7, 77 more added it in 1997, and further expansions are planned for 1998.

---

11/ Plan de Acción Nacional [National Action Plan] (PAN), 1995.

12/ When the project was being prepared, a study was conducted on the physical impact of expanding basic education in Honduras. It indicated that adding grades 7 to 9 to an existing school is more economical than building a new school with all grades, in terms of infrastructure and administrative costs.

D. Projects by other donors

- 1.21 USAID's primary education efficiency project (US\$27 million), which will end on December 31, 1998, is designed to improve efficiency, quality, and access to primary education. The program has developed basic achievement standards for grades 1 to 6. A second USAID project on basic education and vocational training (US\$10.4 million, 1995-1999) focuses on the population with educational deficits through the EDUCATODOS program described earlier. USAID will evaluate the program at the end of 1997.
- 1.22 The World Bank (US\$30 million) and KfW (US\$13 million) are jointly financing a project to enhance the quality of primary education (grades 1 to 6). The objectives are to improve the quality of student learning and performance through better school attendance and more effective learning conditions.
- 1.23 The actions to enhance quality financed by the World Bank focus mainly on training for teachers, production of textbooks and educational materials, bilingual education, and evaluation of academic performance. The World Bank does not finance revision of the curriculum for grades 1 to 6, but does include the preparation of tests to evaluate performance in those grades.

E. Bank strategy

- 1.24 Investments in human capital and poverty alleviation are priorities in the Bank's strategy for Honduras. The country paper of June 1995 gives the following specific objectives for the education sector: (i) to support programs that will reduce poverty; (ii) to support the institutional strengthening and modernization of the sector; (iii) to extend and supplement the primary education reforms begun by USAID in 1986 and complemented by the project now being financed by the World Bank and KfW; (iv) to increase the enrollment rate and the quality and efficiency of public education at the secondary level; and (v) to encourage deconcentration efforts to transfer responsibility for school administration and supervision to the local level.
- 1.25 Accordingly, the Bank gives priority to actions to reduce poverty, improve health and education, and support institutional reforms. It is supporting institutions that execute social investments. In 1995 it approved the Honduran social compensation program which has two subprograms - the Honduran social investment fund subprogram (948/SF-HO) and the family assistance subprogram (949/SF-HO). In the same year it approved a public sector reform program (968/SF-HO and 967/SF-HO) which is being financed jointly with the IBRD.
- 1.26 To round out the operation proposed herein, and in light of the ten-year education plan currently being prepared by the Ministry of Education, the inclusion of a study of education sector financing and education policies in the comprehensive poverty alleviation strategy to be negotiated with the Honduran authorities next year is envisaged.

## II. PROJECT DESCRIPTION

### A. Objective

- 2.1 The objective of the project is to support the Honduran government in its efforts to improve the quality of basic education and raise the level of schooling in the country. The project will attain its objectives through two components: (1) strengthening of alternative basic education programs; and (2) support for a pilot program that will add grades 7 to 9 to schools, converting them into basic education centers (BECs).
- 2.2 These two components will be pilot projects and future actions by the Bank to support the Honduran government will be based on the results. The identification and establishment of successful models that can be replicated on the national level over the medium and long terms will permit the Ministry of Education to reach decisions on what actions it should take in future to support, guide, and coordinate alternatives for basic education that arise outside its own sphere of action. The ministry will also be able to decide on the most efficient and effective form of offering grades 7 to 9, considering quality, flexibility, cost, and opportunity.

### B. Description of the components

- 2.3 Component 1 will be executed in three departments - Atlántida, Cortés, and Yoro - and will cost an estimated total of US\$3.5 million. Component 2 will work with 35 basic education centers in 11 of the country's 18 departments and will cost an estimated US\$2.9 million.
  - a. Component 1. Alternatives for providing basic education  
(US\$3.4 million in Bank financing)
- 2.4 This component is intended to expand and consolidate nonconventional methods for delivering education services through civil society organizations (CSOs). Alternative basic education programs are marked by flexibility in terms of length, timetables, places of teaching, and education technologies (radio courses, tutorials, night courses, and mixed distance and attendance techniques).
- 2.5 Most of the beneficiaries of this component will be men and women between the ages of 13 and 29 who have been left outside the education system either because they had no opportunity to go to school or because they dropped out of school for some reason. Although work will be done on all levels of basic education from grades 1 to 9, it is expected that most beneficiaries will be studying grades 4 to 6.

- 2.6 The geographic focus of this component will be limited to the departments of Atlántida, Cortés, and Yoro, where manufacturing – (mainly in the form of maquiladoras – in-bond processing plants), the diversification of agriculture, and the development of tourism have created heavy demand for education. Large numbers of indigenous people live in these departments, particularly Garífunas and Lencas.
- 2.7 The main activities in component 1 will stem from the following objectives: (i) to encourage the nonpublic sector to increase the coverage and quality of the services it offers at the different levels of basic education; (ii) to establish a system of guidelines and standards for alternative basic education programs; and (iii) to strengthen the units in the Ministry of Education which are responsible for supervising the quality of education provided by alternative education programs.

(i) Incentives for the nonpublic sector (US\$2.7 million)

- 2.8 To interest CSOs in participating, a minimum of two seminars to publicize the project will be held in each department. Local, national, and multidepartmental CSOs that meet the selection criteria established for the project will be invited to participate. The departmental bureaus of the Ministry of Education and organizations such as the Red Educativa Nacional de Jóvenes y Adultos [National Youth and Adult Education Network] (RENJAH) and the Federación de Organizaciones Privadas de Desarrollo de Honduras [Federation of Private Honduran Development Organizations] (FOPRIDEH) will assist in publicizing the program and conducting the seminars. Apart from providing information on the incentives program, the seminars will discuss the process of formulating and applying guidelines and standards. Along with these activities, in the first year of the project, a study will be financed to identify effective mechanisms to involve the business sector gradually in the provision of financial incentives.
- 2.9 CSOs eligible to share in the financial incentives will be selected on the basis of criteria established by the Ministry of Education in conjunction with the Bank. Preference will be given to proposals from CSOs which, having fulfilled all selection criteria, provide a larger amount of counterpart resources and strategic plans for generating additional sources of funds. These additional sources would make it possible for the CSO's education activities to continue once the incentives program has ended. A written contract between each organization and the ministry will constitute the formal instrument for joint work (a model contract that will serve as a guide for the Ministry of Education is included in the technical files).
- 2.10 The contracts between the CSOs and the ministry will be evaluated in terms of efficiency and effectiveness and the results will be

used to decide whether to extend or terminate them. The contracts will be evaluated at least once a year from two standpoints: (i) the quality of education, to be determined through achievement tests administered to random samples of students in each participating CSO; and (ii) the administrative management and organization of the CSO's education services, which will include its administrative controls, use of project funds, and its counterpart contribution.

- 2.11 The financial incentives for the CSOs will be awarded on the basis of the number of students in their programs. The specific use to which the financial contribution will be put will be determined by each CSO, but must be directly related to the teaching and learning process, and will be spelled out in the contract between the Ministry of Education and the organization in question. As a minimum, the CSO will need to demonstrate verifiable increases in quality in the first year, and increases in coverage with quality in the second and third years of the contract. The incentives will be the equivalent of US\$35 for each student who completes the course, with US\$5 paid for each student enrolled at the beginning of each school year and the remainder paid based on the total number of students passing each grade. There will be a special incentive of an additional US\$35 for each student who completes the terminal levels of grade 6 and grade 9.

(ii) **Guidelines and standards (US\$410,277)**

- 2.12 The minimum learning objectives established by the Quality Evaluation Bureau of the Ministry of Education will define the target completion profiles for each school level. This plus the revision of current curricula will facilitate the design of guidelines and standards. Model achievement tests will then be prepared for each level, which will be administered and evaluated in each of the three pilot departments and will constitute the data bank of achievement tests to be used by the Ministry of Education to evaluate the curricula of alternative basic education programs. The activities of this subcomponent will form the basis for an open certification system for individuals who request a certification of their educational achievement.
- 2.13 The curricula will explicitly incorporate materials to promote the elimination of gender stereotypes and equal participation by men and women. They will also include practical instruction to inculcate active awareness in students about: (i) the need to conserve and improve the environment as an essential element for a satisfactory human life; and (ii) an understanding of and respect for indigenous cultures.

(iii) **Institution-strengthening (US\$322,584)**

- 2.14 The following activities will be undertaken to strengthen the Ministry of Education's capacity to guide and coordinate alternative programs. (i) Training will be provided for the heads of ministry's departmental bureaus and district units in Atlántida, Cortés, and Yoro and for the executive and technical-teaching staff of the Educational Services, Quality Evaluation and Continuing Education Bureaus, in charged of different aspects of project execution (which will also facilitate communication and coordination between the national Ministry of Education and the local level). (ii) A registration system will be designed and introduced for the supervision and control of basic education activities carried out under alternative programs. The system will include statistical data and progress benchmarks for each activity. (iii) As part of the registry system, a database for follow-up on graduates from CSO programs will be established and maintained. The database will make it possible to track the jobs obtained by graduates and their income levels, relating them to the level of schooling attained.
- 2.15 Training for the staff of the Ministry of Education will be offered through: (i) workshops and seminars in the ministry; (ii) the services of professionals or local consulting companies; (iii) international consultants participating in the project. Apart from academic supervision, training will include techniques for designing curricula and for preparing tests to evaluate academic achievement based on minimum learning objectives. Techniques on the management, issuing of calls for bids, and preparation of contracts will also be included.
- 2.16 The goal of this activity is to train a total of 60 people, including three departmental directors, 23 district directors, and 34 administrators of education programs.
- 2.17 This component is expected to:
- i. Increase coverage by 25,000 people in the three departments.
  - ii. Raise the literacy rate in the three departments by 10%.
  - iii. Establish minimum learning objectives tailored to basic education from grade 1 to grade 9.
  - iv. Prepare and evaluate guidelines and standards for teaching and learning and model achievement tests.
  - v. Improve the quality of basic education in alternative programs based on the results of the achievement tests.

- vi. Train at least 60 officials at the departmental and district levels of the Ministry of Education in the guidance and supervision of alternative basic education programs.
- 2.18 The project will finance: (i) international consultants for a total of 34 person/months and local consultants for a total of 29 person/months; (ii) a computerized academic records system that provides information on education flows, statistics, and indicators; (iii) software for the operation and maintenance of a data bank of achievement tests and for statistical validation of the tests' components; (iv) training for Ministry of Education staff (payment for trainers, transportation and meals for participating personnel, rental of premises); (v) additional computer equipment for the ministry's departmental bureaus; (vi) editing and reproduction of materials coming out of the technical and teaching activities conducted under the project.
- b. Component 2. Pilot basic education centers (US\$2.5 million in Bank financing)
- 2.19 The purpose of component 2 is to identify efficient and low-cost ways of increasing access to and the quality of middle-school education. This component will: (i) strengthen 35 basic education centers (BECs) that are part of a novel pilot project introduced by the Ministry of Education in 1996 to extend grades 7 to 9 to rural and marginal urban zones; and (ii) evaluate the cost and effectiveness of these BECs in comparison with the ministry's traditional models.
- 2.20 The 35 pilot BECs will be located in 11 of the country's 18 departments, in rural and marginal urban zones where there was previously no access to middle schools. One third of the public served by the centers is indigenous and approximately 55% are female. (A list of the BECs and their geographic location can be found in the technical files.) The 35 BECs began offering grade 7 in 1996 and grade 8 in 1997. They will introduce grade 9 in 1998. Since they are a pilot project, the centers currently operate under very uncertain conditions with many administrative and quality limitations which will be alleviated under the project.
- (i) **Strengthening for the BECs** (US\$827,923)
- 2.21 The BECs will be strengthened in the following areas: (i) curriculum and performance evaluation; (ii) training for teachers and technical-teaching staff; (iii) administration; and (iv) infrastructure and equipment. This strengthening will make it possible to compare the 35 BECs with traditional schools with regard to the quality of the education provided and their cost-effectiveness.

- 2.22 To attain this component's objectives, the project will hire international consulting services to support the Ministry of Education's Quality Evaluation Bureau in the following activities: (i) revise and adjust the minimum learning objectives for grades 1 to 6 and establish minimum objectives for grades 7 to 9; (ii) adjust the curricula for each grade so that they can be offered by multiple-subject teachers (i.e. in charge blocks of subjects of a similar kind), adapting the contents to local socioeconomic conditions; (iii) prepare model achievement tests for each level of education (to be administered during the project); and (iv) design, copy, and distribute experimental teaching and audiovisual materials to the basic education centers (teachers' guides and handbooks for core areas).
- 2.23 The project will design and apply mechanisms for participation by parents and community leaders in teaching and learning activities, which will help to improve the quality of the BECs. By the end of the project, each center will have a parents' association and a coordination council.
- 2.24 Stress will be placed on **training employees of the Ministry of Education**, including executive and technical-teaching staff on the central and departmental levels in terms of organizing this component and the curricula. Training will also be provided for the teachers at the BECs in applying the curricula and the new teaching methods they may entail.
- 2.25 As in component 1, the curricula will explicitly incorporate materials to promote the elimination of gender stereotypes and equal participation by males and females. Mechanisms will also be included to raise awareness of the need to conserve and improve the environment and to understand and preserve indigenous cultures, by incorporating these topics into the subject areas of the regular curriculum.
- (ii) **Infrastructure and equipment** (US\$1.5 million)
- 2.26 With respect to **administration, infrastructure, and equipment**, the 35 BECs will receive support in overcoming current deficiencies through: (i) review and adjustment of their administrative systems in areas such as academic organization, teacher management, and workload; (ii) infrastructure for grades 7 to 9 including one classroom for each grade with capacity for about 30 students, study room/library, science laboratory, and the necessary service areas; (iii) equipment and furniture for grades 7 to 9, including basic textbooks and other study materials.
- 2.27 The rehabilitation or construction of physical infrastructure under the project will be carried out by the Honduran Social Investment Fund (FHIS), which will enter into a contract in this regard with the Ministry of Education. The FHIS will act as the executing



agency for the works for two main reasons: (i) it has extensive experience in school construction; and (ii) the Ministry of Education does not have a construction office. Identification of the specific infrastructure requirements of each center and signature of a contract with the FHIS to the Bank's satisfaction will be conditions precedent to the first disbursement of the loan.

(iii) **Comparative evaluation** (US\$43,940)

- 2.28 The comparative evaluation of middle-school models will include: (i) BECs; (ii) public schools with grades 7 to 9; (iii) semi-official schools with grades 7 to 9; and (iv) the Distance Secondary Education Service's programs. The evaluation will be conducted throughout project implementation but particularly during the final year. It will include an analysis of cost effectiveness. The teaching centers in the comparative study are similar to the BECs with regard to geographic location and the type of population served. The list of these centers to be included in comparative study and their geographic location can be found in the technical files.
- 2.29 The variables to be investigated will include: (i) academic performance of grade 9 graduates in comparison with the learning objectives and system performance indicators (passing, dropout, retention rates, etc.); (ii) influence of teaching and academic factors on the quality of education; (iii) cost per student by grade; (iv) flexibility and suitability of the model for providing middle-school education opportunities to groups experiencing deficiencies or educational disadvantages (women, ethnic groups, rural zones with scattered populations, and marginal urban areas); (v) community participation in the education process; and (vi) economic analysis of the cost effectiveness of the different models.
- 2.30 The main findings expected under this component are:
- (i) 35 BECs operating with physical infrastructure and equipment that facilitates a high-quality education process.
  - (ii) Learning objectives and curricula revised for grades 1 to 6 and established for grades 7 to 9.
  - (iii) Academic achievement tests validated for grades 7 to 9 in the BECs.
  - (iv) Administrative processes adjusted and functioning in the BECs.
  - (v) 282 staff of the Ministry of Education trained in education administration and organization, curricula,

and other technical-teaching aspects of the BEC model, including 16 at the Ministry of Education's central level, 21 at the departmental and district levels, 35 BEC directors, 175 teachers, and 35 teacher-coordinators of grades 7 to 9 at the BECs.

- (vi) Findings of the comparative evaluation of the pilot BECs and traditional schools offering grades 7 to 9.

- 2.31 The project will finance the following activities under this component: (i) international consultants for a total of 41 person/months and local consultants for a total of 15 person/months; (ii) training for staff of the Ministry of Education (payment for training services, educational materials, logistical support such as transportation and meals for participants, rental of premises); (iii) editing and reproduction of materials produced under the technical-teaching activities included in component 2; (iv) physical infrastructure for the BECs; (v) library (books and other materials), furniture, and equipment for the BECs; and (vi) one computer for each of the 35 centers. Twenty of the BECs do not have electricity, and the project will finance the purchase and installation of solar panels to generate it.

C. Project administration (US\$600,000)

- 2.32 A project coordination unit (PCU) will be established within the Ministry of Education to administer the project, which will be responsible for liaison between the education authorities, the Bank, and other sector entities. The different branches of the ministry will share responsibility for implementing the project. The PCU will be composed of a coordinator and two technical advisors (one for each of the components), one person in charge of financial aspects, and one responsible for bidding and procurements. It will also have minimum support staff (secretary, driver). The government will cover the costs of personnel, supplies, and general services. The Bank will finance five staff - the coordinator, the technical advisors, and the financial and administrative professionals - in addition to equipment and furniture.

D. Costs and financing plan

- 2.33 In accordance with the program described in this chapter, the operation will finance the costs shown in the financing matrix (Table 2-1). The two components include contingencies of 10%. The government's counterpart will be 10% of the project cost and will mainly cover recurring costs, operating and maintenance, the commitment fee, and the costs of the PCU.

2.34 The financial terms and conditions of the loan are:

Amount:	US\$6.5 million
Source:	Fund for Special Operations (FSO)
Amortization period:	40 years
Grace period:	10 years
Disbursement period:	3 years
Interest rate:	1% during the grace period and 2% thereafter
Credit fee:	0.5% of the undisbursed balance
Inspection and supervision:	1% of the loan amount

Table 2-1. Cost table  
(in US\$000)

Category	IDB	Government	Total	%
<b>1. Alternative basic education programs</b>				
1.1 Incentives for CSOs	2,662	101	2,763	37.8
1.2 Equipment	80	0	80	1.1
1.3 Technical assistance and services	383	43	426	5.8
1.4 Educational materials and software	102	11	113	1.5
1.5 Training	131	0	131	1.8
1.6 Recurring costs	0	4	4	0.1
<b>Subtotal</b>	<b>3,358</b>	<b>158</b>	<b>3,516</b>	<b>48.2</b>
<b>2. Middle school in BECs</b>				
2.1 Infrastructure	1,567	174	1,741	23.9
2.2 Furniture and equipment	432	48	480	6.6
2.3 Technical assistance and services	244	27	271	3.7
2.4 Educational materials and software	166	18	184	2.5
2.5 Training	123	0	123	1.7
2.6 Recurring costs	0	92	92	1.3
<b>Subtotal</b>	<b>2,532</b>	<b>359</b>	<b>2,891</b>	<b>39.6</b>
<b>3. Project coordination unit</b>				
3.1 Operating costs	251	28	278	3.8
3.2 Furniture, equipment, and software	43	5	48	0.7
3.3 Vehicles	63	0	63	0.9
3.4 External auditing	33	0	33	0.5
3.5 Evaluation and preparation of stage two	206	23	229	3.1
3.6 Recurring costs	0	12	12	0.2
<b>Subtotal</b>	<b>596</b>	<b>68</b>	<b>664</b>	<b>9.1</b>
<b>Cost not including financial costs</b>	<b>6,486</b>	<b>585</b>	<b>7,071</b>	<b>96.9</b>
<b>4. Financial costs</b>				
4.1 Interest		84	84	1.1
4.2 Credit fee		81	81	1.1
4.3 Inspection and supervision	64		64	0.9
<b>Subtotal</b>	<b>64</b>	<b>165</b>	<b>229</b>	<b>3.1</b>
<b>Total</b>	<b>6,550</b>	<b>750</b>	<b>7,300</b>	<b>100.0</b>
Distribution (%)	89.7	10.3	100.0	

### III. INSTITUTIONAL FRAMEWORK AND PROJECT EXECUTION

#### A. Borrower and executing agency

- 3.1 The borrower will be the Republic of Honduras. The Ministry of Education will be responsible for project execution, while the **project coordination unit (PCU)** described in chapter 2 will coordinate the project. The costs of the unit will be kept in line, to the extent possible without affecting the quality of activities, with the costs of other entities in the Ministry of Education that have similar responsibilities. The PCU will be headed by a coordinator and will report to the Minister of Education. To achieve the project's objectives and goals, it will maintain close ties with the other parts of the ministry at the central and local levels. Establishment of the PCU and appointment of the coordinator will be conditions precedent to the first disbursement of the loan.

#### B. Project execution

##### a. Execution mechanisms

- 3.2 **Component 1.** The incentives program will be carried out through the Ministry of Education's departmental and district offices. The central level of the ministry will take charge of establishing guidelines and standards, with support from its departmental offices. The units in the ministry responsible for this component will be: (i) the Educational Quality Evaluation Bureau and its Education Quality Measurement and Follow-up and Monitoring Sections; and (ii) the Educational Services Department, through the Continuing Education Bureau and its Adult Education Section.
- 3.3 **Component 2.** Technical-teaching aspects, curricular revision, training for the staff of the Ministry of Education, and the evaluation of academic achievement will be the responsibility of the Technical-Pedagogical Department, through the Pedagogical Services Bureau, and its Curriculum Design, Education Methods and Teacher Training Sections, and the Educational Quality Evaluation Bureau, and its Education Quality Measurement and Follow-up and Monitoring Sections.
- 3.4 The project will coordinate the academic achievement evaluation and teacher training activities in component 2 with the actions being financed by the World Bank in the primary education sector.
- 3.5 The Minister of Education will have a **technical advisory committee** for project steering and institutional coordination. The committee will be composed of two deputy ministers of education, the directors of planning, pedagogical services, quality of education evaluation, and continuing education, and the coordinator of the

PCU. The minister, through the PCU, will coordinate, supervise, and evaluate the activities of the participating internal and external entities. Establishment of the technical advisory committee will be a condition precedent to the first disbursement of the loan.

- 3.6 The PCU will be responsible for planning, organization, and coordination, will submit matters to the technical committee that require education policy decisions, and will obtain the committee's approval of the annual operating plans and budgets. Pursuant to the guidelines, the PCU will present matters to the Bank that require its nonobjection. The PCU's activities will include: (i) processing procurement of goods and services and, when necessary, assisting the FHIS in contracting works; (ii) preparing the terms of reference for studies, consulting services, and contracts; (iii) monitoring the components and the contracts signed. It will also facilitate and coordinate the work of the local and international consultants and the Ministry of Education's technical and operational groups. All procurements will be carried out in accordance with Bank rules.
- 3.7 The mechanisms stipulated in the project operating manual will be used in carrying out the project. Presentation of the final text of the manual is a special condition precedent to the first disbursement.

b. Other specialized agencies

- 3.8 The FHIS will be the specialized agency for executing the infrastructure works and procuring school furniture. The ministry will provide the FHIS with the specifications for the works and goods. When bids for equipment and furniture are for amounts that justify conducting the process outside the ministry, an agreement will be reached with the FHIS subject to the Bank's nonobjection.
- 3.9 The contracts between the Ministry of Education and each civil society organization participating in component 1 will not permit the retroactive payment of incentives for students enrolled prior to the dates they are signed. The signed contracts will mark the start of the activities of these nongovernmental organizations under the project. The presentation of the final text of the model contract with the CSOs will be a condition precedent to the first disbursement.
- 3.10 Specialized public entities such as universities, in addition to private enterprises when necessary and advisable, may participate in the training program for Ministry of Education staff.

c. Execution schedule

- 3.11 A detailed description of project activities is given in the logical framework (Annex I) and they will be carried out in

accordance with a general schedule which will be adjusted annually by the Ministry of Education through the PCU and approved together with the year's budget, with the Bank's nonobjection.

- 3.12 To permit compliance with the conditions precedent to the first disbursement, once the conditions precedent to the first disbursement set forth in Article 4.01 (a), (b), and (e) of the General Guidelines have been fulfilled, up to US\$300,000 from the loan may be released after the effective date of the loan contract to enable the executing agency to begin activities related to hiring the coordinator and technical advisors for the PCU, who will be responsible for preparing the stipulated documentation.
- 3.13 Table 3.1 shows projected disbursements of loan proceeds and the local counterpart.

**Table 3.1**  
**Projected disbursements**  
**(US\$ millions)**

Source	Year 1	Year 2	Year 3	Total	%
IDB	1.51	2.23	2.81	6.55	89.7
Local	0.18	0.27	0.30	0.75	10.3
Total	1.69	2.50	3.11	7.30	100.0
%	23.2	34.2	42.6	100.0	

- 3.14 **Component 1.** Year one will stress the work relating to standards and guidelines, selection of the participating CSOs, and the design of mechanisms to encourage the private sector to contribute financially to the incentives program. The following two years will focus on adding eligible CSOs pursuant to established criteria, advising those that are already participating about application of the curricula, and consolidating participation and follow-up mechanisms that will contribute to the program's future sustainability.
- 3.15 **Component 2.** The focus in year one will be on activities relating to infrastructure and equipment, training for staff, and curriculum revision, since the BECs have only recently been established by the Ministry of Education and therefore require immediate support in all those areas.

d. Procurement of goods and services

- 3.16 Procurement of goods and construction of physical works will be done following Bank procedures. International competitive bidding will be compulsory for goods worth more than US\$250,000 and works over US\$1 million. The FHIS will act as executing unit for the works in component 2. For procurement under this component below

these limits, it will follow the procedures established in Honduran legislation.

- 3.17 Bank procedures will be followed in contracting the technical assistance and training services.

C. Supervision

- 3.18 Both the work of the CSOs in component 1 and the functioning of the BECs in component 2 will be monitored continuously. The initial results will be used to make the necessary adjustments in curricula and operations needed to address any problems detected before the project is so far advanced that it becomes difficult to make corrections.
- 3.19 The Bank's Country Office in Honduras, with technical support from the Social Programs Division of Regional Operations Department 2 (RE2/SO2), will be responsible for project supervision. The sector specialist at the Country Office will work closely with the Ministry of Education during all stages of execution, including monitoring compliance with the operation's goals and objectives. The staff of the PCU will provide cooperation and support in this regard.
- 3.20 The annual operating plans will be prepared by the PCU and presented to the Bank by December 15 of each year at the latest. Meetings will be held during the final quarter of each year to evaluate activities and allocate funds for the following year. The results of these evaluations will be used to make adjustments to the project's operating mechanisms and to determine the action plan for the following year. Submittal of the annual operating plan for the first year will be a condition precedent to the first disbursement.
- 3.21 The annual reports will include the following: (i) the general status of the project, including a comparison between actual and anticipated activities and results (see the verifiable indicators in the logical framework); (ii) an analysis of the main difficulties encountered; (iii) an evaluation of the activities carried out by the specialized agencies involved in the project; (iv) an analysis of the availability of national budget resources for the project and whether it was provided on time; (v) the results of the external audits; and (vi) a comparison between actual and expected expenditures.
- 3.22 In addition, the following information should be provided for each of the components: (i) clear objectives; (ii) the activities slated; (iii) prerequisites; (iv) resources required; (v) timetable; (vi) monitoring and control indicators; (vii) final terms of reference for the consulting services; and (viii) in the case of civil works, functional programming, engineering designs, and the equipment program. The annual operating plans will be



prepared and approved each year. At the end of each year they will be evaluated for the purpose of making adjustments and for use in designing activities to be replicated in a potential stage two.

D. External auditing

- 3.23 Each year the Ministry of Education will present the project's financial statements to the Bank, audited by an independent firm of public accountants acceptable to the Bank.

E. Evaluations and preparation of stage two

- 3.24 Within 90 days after the date of the first disbursement, the executing agency will undertake an internal evaluation of the project's operating procedures. An external evaluation will be submitted 21 months after the date of the first disbursement, which will include an analysis of achievements and problems detected during project execution, and make recommendations regarding changes and adjustments for the remainder of the execution period, which will also be used to prepare a broader reform program that will constitute stage two of the project. The report will be studied by the project authorities and the Bank. The evaluation will review the main project indicators, annual progress reports, and other reports from the central and departmental levels of the Ministry of Education.
- 3.25 The mid-term external evaluation will also be used as input in preparing a future second stage of the project. The results of this evaluation will make it possible to adjust and replicate the mechanisms that have proven to be the most effective, efficient, and appropriate. The evaluation will include a financial analysis of those mechanisms.
- 3.26 The aspects of the evaluation for a future education sector reform program will include: (i) the viability and sustainability of participation by the nonpublic sector in directly providing education services; (ii) the government's commitment to deconcentration and the most effective mechanisms for that purpose; (iii) the government's requirements for financial resources to undertake a systematic expansion of basic education through the models identified in the present pilot project as having the best quality and cost effectiveness.
- 3.27 To ensure that all the information needed to design a future reform program is available, the evaluation of this project will be supplemented with the findings of a study on sector financing and education policies (see paragraph 1.26).

#### IV. FEASIBILITY AND RISKS

##### A. Project feasibility

###### 1. Technical feasibility

- 4.1 **Component 1.** The country has about 80 civil society organizations (CSOs) that have demonstrated over the years their interest in and ability to deliver alternative basic (distance or classroom) education programs in urban as well as rural areas. The government has experience in working with these organizations. The project will finance training for the ministry's departmental and district offices in the three departments in all aspects of administering the incentives program and the database system.
- 4.2 Development of guidelines and standards will chiefly be the responsibility of the Quality Evaluation and Adult Education Bureaus at Ministry of Education headquarters. However, external consultants will be financed to assist the ministry in strengthening its technical capacity. The methodology for establishing guidelines will be highly participatory. Periodic seminars will be held with the bureaus in the departments and the CSOs to share technical opinions on how the process is developing.
- 4.3 **Component 2.** The technical feasibility of the second component is ensured, since the 35 BECs which will be the focus of actions to improve quality have been functioning under the new system since 1996.
- 4.4 As for the specific activities in component 2, the revision of curricula for grades 1 to 6 and the preparation of achievement tests for grades 7 to 9 will draw on the lessons learned in the projects to support primary education financed by USAID and, more recently, by the World Bank and KfW. The project will start with the basic performance benchmarks for grades 1 to 6 established under the USAID project, reevaluate them, and revise the existing curricula. In preparing the tests for grades 7 to 9, the IDB will complement the efforts of the World Bank, which will prepare tests for grades 1 to 3 and grades 4 to 6.
- 4.5 To ensure good execution, the project has planned the necessary staff training and technical assistance activities.

###### 2. Socioeconomic feasibility

- 4.6 **Component 1.** The selection of three department with large numbers of people who have not completed basic education ensures that the coverage targets established for the project can be easily complied with. Since there is substantial economic activity in these

departments, the impact on the quality of the work force will be considerable.

- 4.7 As a result of the improvements in coverage and quality, it is expected that graduates from alternative programs will have better opportunities on the labor market and will be able to benefit from the job training programs offered by employers to which they would not otherwise have had access owing to a lack of basic knowledge. The process of raising basic educational levels will help to boost the productivity and quality of the economically active population.
- 4.8 Also, the project's economic efficiency is supported by the increase in annual individual income for each additional year of basic education. A sector study conducted in 1995 shows that the difference in income for each additional year of schooling is significant. <sup>13/</sup> In urban and rural areas alike, the increase in annual income for people with 1 to 3 years of schooling is US\$31 and US\$67 for those with from 4 to 9 years schooling. This additional income justifies the investment of US\$35 per student per grade proposed under the incentives program.
- 4.9 **Component 2.** The project will improve the internal and external efficiency of the 35 pilot centers, which will have an immediate positive impact on the quality of education offered in the rural and marginal urban areas targeted. As a pilot project, it will lay the groundwork for extending the use of tested, high-quality mechanisms to the rest of the country.
- 4.10 A comparative estimate of costs and quality between these 35 centers and traditional schools will permit the Ministry of Education to make well-founded decisions on how to extend middle school education to different parts of the country, using effective and less costly approaches.
- 4.11 The pedagogical and curricular activities in the 35 BECs are expected to boost the quality and efficiency of the education they offer by the end of the project, according to the following main indicators:

---

<sup>13/</sup> Source: Ministry of Education, Sector Study, Volume I, Part C, page 130, 1995. The study was based on data from household surveys conducted by the Ministry of Planning.

Efficiency indicators for grades 7 to 9	Average national levels (1995)	Expected levels in the BECs after the project (2001)
Repeater rates:		
Grade 7	15.4%	10.9%
Grade 8	11.4%	8.7%
Grade 9	9.32%	6.9%
Promotion rates:		
Grade 7	66.9%	63.6%
Grade 8	80.8%	76.7%
Grade 9	93.2%	88.6%
Dropout rates:		
Grade 7	18.0%	13.0%
Grade 8	7.8%	5.0%
Grade 9	N/A	3.0%

- 4.12 It is difficult to calculate the current cost effectiveness of the BECs since they are undergoing administrative and infrastructure changes which significantly increase the costs per student in grades 7 to 9. The comparative evaluation to be made in year 3 of the project will propose and evaluate efficiency indicators to measure the cost effectiveness of the BECs.
- 4.13 It has been shown that enrollment rates are in inverse ratio to how rural a department is (the correlation coefficient for these two variables is -0.70). Since the BECs are located in poor zones and rural areas with the lowest enrollment and quality in basic education, the main beneficiaries will be the poorest students.

### 3. Institutional feasibility

- 4.14 The project's scale, with limited activities of a pilot nature, and the organizational structure designed for its execution, are fully consistent with the government's current capacity to execute the loan.
- 4.15 The Ministry of Education has a suitable organization for carrying out the project. The monitoring and control processes will guarantee that there will be systematic feedback to immediately correct any problems.
- 4.16 Active participation by the departmental bureaus in all the project's components will strengthen the process of deconcentration

in the country which is supported by the public sector reform project financed by the IDB and the World Bank.

- 4.17 The component for alternative education programs depends to a large extent on participation by CSOs in the incentives program. Contacts made when the project was being prepared indicate that these organizations are extremely interested in continuing and improving their education services. The project will ensure that CSOs participate by undertaking periodic publicity activities through seminars and the mass media.
- 4.18 In component 2, community participation in administrative management and extracurricular activities will be facilitated by the parents' associations and coordination councils.

#### 4. Financial feasibility

- 4.19 The government attaches the highest priority to boosting the educational levels of Hondurans and to extending quality middle school education into areas with the least access to this level. Spending on education has continued to be about 4.5% of GDP despite concerted efforts to cut in public spending.
- 4.20 The cost analysis performed during project preparation indicates that the recurring costs of the project are minimal, which is an advantage for its viability. Component 2 will not involve any increase in recurring costs for the Ministry of Education.
- 4.21 The largest recurring cost in component 1 is related to maintaining the monetary incentive program for CSOs. There are two factors that minimize the risk: (i) it is expected that after three years, the CSOs will have increased both their installed capacity and their alternative sources of funding and will be in a position to continue providing appropriate coverage after the incentives program has ended; (ii) this is a remedial program and it is expected that the number of people requiring it will diminish.
- 4.22 Nonetheless, during the first year of the project, a study will be financed to design a plan to motivate employers to make financial contributions to the incentives program. It could be introduced in the second and third years of the project.
- 4.23 Studies also suggest that the cost of educating a student through a civil society organization is lower than if the Ministry of Education were to provide services directly for people with educational deficits.
- 4.24 At this time, however, the future financial capacity of the Ministry of Education to replicate the pilot program in other departments without external assistance is not known. The study on sector financing and education policies that will supplement this operation (see paragraph 1.26) will clarify this matter. In

addition, as mentioned above, the project will seek viable ways of encouraging private participation that will lessen the public sector's financial responsibility.

#### 5. Social and environmental feasibility

- 4.25 The Committee on Environment and Social Impact (CESI) reviewed the profile II at its meeting on May 16, 1997, and its suggestions were incorporated into this document. The CESI Technical Review Group approved the project report at its meeting on October 17, 1997.
- 4.26 The project's activities will focus on poor, rural and marginal urban departments and zones in Honduras and will respect local legislation and requirements, particularly with regard to the construction and rehabilitation of infrastructure. It will also comply with all the requirements established by the FHIS, since the latter will be in charge of construction. Construction and rehabilitation are only required under component 2.
- 4.27 The social impact of the project will benefit all groups, but will be particularly beneficial for the poor and women.
- 4.28 **Component 1.** The information obtained from different CSOs suggests that about 75% of the individuals enrolled in alternative basic education programs are women, who are generally heads of household and do not have the opportunity to attend regular school programs. By raising their levels of education, the women will have better opportunities for income earning activities, either as self-employed or salaried workers. The three departments selected have significant percentages of indigenous peoples, particularly Cortés, with its large Garifuna population.
- 4.29 **Component 2.** Most of the 35 BECs are located in departments with very low social indicators. Ten of the 11 departments have high poverty levels, eight have larger rural populations than average, eight received below average public allocations in 1993, and two have the highest concentration of Afro-Hondurans. Girls accounted for 55% of enrollment in the 35 BECs in 1996, as compared to 45% for boys.

#### B. Benefits

- 4.30 **Component 1.** Most of the adult beneficiaries under this component belong to the economically active population. A reduction in illiteracy and an increase in the academic levels of large numbers of people in the three departments will have a positive impact on the quality of labor. The work force's lack of basic education is often mentioned by businessmen and industrialists as an obstacle to technical training for their employees which, in turn, is an obstacle to boosting the productivity and competitiveness of the work force.

- 4.31 **Component 2.** An improvement in the efficiency and quality of teaching in basic education centers, chiefly through curricular revision and performance evaluation, and the design and introduction of effective administrative mechanisms that can be replicated country-wide will bring direct benefits to poor Hondurans.
- 4.32 The cost-effectiveness analysis resulting from the evaluation comparing the BECs with traditional school programs will enable the government to decide on the most effective way of expanding middle school education.

C. Risks

- 4.33 The weakness of the different sections of the Ministry of Education is repeatedly mentioned as a risk factor in implementing investment projects in Honduras and therefore external executing agencies are generally established. The project team is aware of this weakness and has designed an execution mechanism that will provide technical assistance for the permanent units of the Ministry of Education to enable them to take responsibility for the different activities. The main function of the PCU is coordination and supervision. The experience gained under the project and the technical strengthening will thereby remain with the ministry's permanent employees.

**LOGICAL FRAMEWORK  
(HO-0078)**

Summary of objectives	Verifiable indicators*	Means of verification	Assumptions
Quality and level of basic education in Honduras	Increase in the average number of years of schooling among the rural and marginal urban population	National household surveys	1. The government continues to give priority to basic education
Alternative basic education through unconventional means of offering education	1. CSOs strengthened to provide high quality basic education programs  2. Efficient, effective, low-cost system established to offer middle school education in rural and marginal urban areas  3. Government decisions on educational mechanisms and methods to be used or supported in the education system	1. Annual reports by the national network of CSOs and FOPRIDEH  2. Annual reports by the Ministry of Education  3. Strategic plans of the education sector	1. The decision to support alternative basic education delivered by CSOs is maintained  2. The government ensures financing of the loan
Education alternatives	1.1 Annual coverage of educational alternatives increased by 25,000 in the departments of Atlántida, Cortés, and Yoro by the end of the project  1.2 Literacy rate increases by an average of 10% in the three departments	1.1 Annual statistical reports on informal education in Honduras  1.2 Annual estimates by the Ministry of Education	1. An adequate number of NGOs are participating in the project
Guidelines and standards for the programs	1.1.1 System of guidelines and standards established and validated in the three departments: 80% of the process completed in 1998 and the remainder in 1999  1.1.2 All the CSOs participating in the project comply with the guidelines and standards for efficiency and quality by 2000	1.1.1 Semiannual reports by the PCU  1.1.2 Semiannual reports by the PCU	
Education units strengthened to monitor, and steer alternative programs	1.2.1 Sixty officials from departmental and district bureaus trained to coordinate, monitor, and steer alternative programs: 15 officials in 1998; 36 officials in 1999; and 9 officials in 2000	1.2.1 Annual project statistics and reports by the Ministry of Education and the PCU	



**LOGICAL FRAMEWORK  
(HO-0078)**

Summary of objectives	Verifiable indicators*	Means of verification	Assumptions
sector with the capacity to offer alternative programs	1.3.1 Basic education programs provided by local, national, or multidepartmental CSOs in the three departments covered by the project, with the following targets: (a) 7,000 regular students and 3,000 additional students in year one; (b) 8,000 additional students in year two; and (c) 14,000 additional students in year three		
ol education in basic education	2.1 Thirty-five pilot BECs operating with quality and efficiency by 2000, with minimum annual coverage of: (a) 1,050 students in grade 7; (b) 966 in grade 8; and (c) 888 in grade 9 2.2 Dropout rates in the 35 BECs reduced by 4%	2.1 Annual departmental bureau reports	
Curricula	2.1.1 Curricula revised according to the learning objectives established for grades 1 to 9: 80% of the process completed in 1998 and the remainder in 1999	2.1.1 Budget performance and technical reports by the Ministry of Education	
Education strengthened with organization and functioning of the	2.2.1 Thirty-five BECs working with good administrative and academic organization; 260 directors and teachers trained — 78 in 1998 and 182 in 1999	2.2.1 Budget performance and technical reports by the Ministry of Education	
Infrastructure and equipment	2.3.1 Thirty-five BECs with better infrastructure and equipment — 9 centers equipped in 1998, 17 in 1999, and 9 in 2000	2.3.1 Budget performance and PCU reports	
evaluated in comparison with models for middle school education	2.4.1 Ministry of Education decisions on the models it will promote to expand middle school education by the end of the project	2.4.1 Reports by senior Ministry of Education officials	
<b>Project activities</b>			
Technical and administrative of the project	1.1 Project rules and regulations applied	1.1 Rules and regulations approved by the end of the first quarter	
of the annual operating plans and	2.1 Plans and budgets approved annually	2.1 Planning and accounting documents	
Supervision and control plan indicators	3.1 Indicators for supervision, control, and decisions prepared quarterly	3.1 PCU reports	
Monitoring	4.1 One external audit at the end of each year	4.1 Auditors' reports	
Project evaluation	5.1 Evaluation at the end of year two of the project	5.1 External evaluation report	

LOGICAL FRAMEWORK (HO-0078)			
Summary of objectives	Verifiable indicators*	Means of verification	Assumptions
<b>Component 1</b>			
<b>Standards</b>			
of learning objectives for the 9 education	1.1.1 Learning objectives established	1.1.1 Printed technical documents Ministry of Education reports PCU reports Project budget used	1.1.1 The learning objectives are approved by the country's education
of curricula	1.1.2 Curricula improved and quality standards established for the alternative programs	1.1.2 Printed technical documents Ministry of Education reports PCU reports Project budget used	
of guidelines and standards for learning	1.1.3 Guidelines and standards applied in the alternative programs	1.1.3 Printed technical documents Ministry of Education reports PCU reports Project budget used	1.1.3 Governmental and nongovernmental spheres are aware of the need to establish guidelines and standards for alternative education programs
of academic achievement tests	1.1.4 Six achievement tests prepared (three for grades 1 to 6 and three for grades 7 to 9)	1.1.4 Printed technical documents Ministry of Education reports PCU reports Project budget used	
ation of achievement tests to a students	1.1.5 Tests administered to samples of BEC students with 90% passing		
and adjustment of achievement	1.1.6 Tests validated and bank of tests established		
for Ministry of Education	1.2.1 Sixty employees from the central, departmental, and district levels trained	1.2.1 Training plan executed and semiannual statistics from the PCU	
and implementation of a system for control of CSO activities	1.2.2 Academic record system and educational indicators established		
ment of equipment for the control system	1.2.3 Equipment installed and in operation by the end of year one	1.2.3 Budget performance and PCU reports	
<b>Program</b>			
to disseminate the component	1.3.1 Three seminars held in the first quarter of the project with participation by CSOs	1.3.1 PCU reports	
on of documents and bidding CSOs wishing to participate	1.3.2 Bid process completed and participating CSOs selected	1.3.2 PCU reports	
signed with the CSOs	1.3.3 Contracts between the ministry and the organizations signed at different times starting in the second quarter of year one	1.3.3 Texts of contracts and action plans approved for the CSOs	1.3.3 Contracts with the participating entered into quickly

LOGICAL FRAMEWORK (HO-0078)			
Summary of objectives	Verifiable indicators*	Means of verification	Assumptions
of financial incentives to the	1.3.4 Financial incentives granted on the basis of expansion targets	1.3.4 Budget performance PCU reports	1.3.4 The incentives produce the c
ation of achievement tests to s of students from the organizations	1.3.5 Ninety percent of students taking the tests pass them	1.3.5 Ministry of Education reports	
<b>and evaluation</b>			
of learning objectives for grades ion of objectives for grades 1 to 6	2.1.1 Learning objectives for grades 1 to 6 revised; objectives for grades 7 to 9 defined	2.1.1 Printed technical documents Ministry of Education reports PCU reports Project budget used	2.1.1 There is a consensus on lear objectives and the profile of grade
of existing curricula and design of	2.1.2 Curricula improved and quality standards established in the BECs	2.1.2 Printed technical documents Ministry of Education reports PCU reports Project budget used	
copying, and distribution of materials and teaching guides	2.1.3 Audiovisual materials and 200 teaching guides distributed and in use	2.1.3 Printed technical documents Ministry of Education reports PCU reports Project budget used	
on and administration of tests	2.1.4 Tests validated and data bank of achievement components and tests established to supplement the similar activity under component 1	2.1.4 Printed technical documents Ministry of Education reports PCU reports Project budget used	
nd application of participation	2.1.5 Formal and informal community leaders, parents and relatives participating actively in the education process		
	2.1.6 Parents' associations and coordination councils established for each of the 35 BECs		
nd approval of the training plan	2.2.1 Training plan approved	2.2.1 Training plan document approved	
of training participants	2.2.2 260 participants selected for training programs	2.2.2 Ministry of Education reports	
on of training resources (logistical	2.2.3 Resources available on time	2.2.3 Comments by participants	
ng of training services if necessary	2.2.4 Specialized firms or individuals participating in the process	2.2.4 PCU reports and budget performance	

**LOGICAL FRAMEWORK**  
(HO-0078)

Summary of objectives	Verifiable indicators*	Means of verification	Assumptions
	2.2.5 85 employees trained in management; 35 BEC directors, 11 employees from departmental bureaus, 35 employees from district offices, and 4 from the central office of the Ministry of Education 2.2.6 175 teachers trained in curriculum, use of teaching materials, and evaluation techniques	2.2.5 Semiannual project statistical reports	2.2.5 Training resources are provided
and adjustments in BEC	2.3.1 35 BECs efficiently administered	2.3.1 Semiannual PCU reports	
of reports on the infrastructure of the BECs	2.3.2 Rehabilitation and construction requirements updated	2.3.2 Reports by the departmental bureaus	
contract with the FHIS	2.3.3 Ministry of Education-FHIS contract signed and implemented	2.3.3 Semiannual reports by the FHIS and the Ministry of Education	
on of bidding documents for furnishings for the BECs	2.3.4 Suppliers participating in the bids	2.3.4 PCU and Ministry of Education reports	
ent and distribution of equipment	2.3.5 Furnishings and equipment procured and in use for the departmental bureaus in year two, for the BECs in year one	2.3.5 PCU reports and budget performance	2.3.5 There are no major delays in procurement process
and operation of the works	2.3.6 BECs with the necessary infrastructure	2.3.6 PCU reports and budget performance	2.3.6 The FHIS complies with the terms and conditions of the contract with the Ministry of Education
Study ence of the comparative study on education models	2.3.7 Study completed and analyzed by Ministry of Education officials	2.3.7 Study document and reports by the PCU and the Ministry of Education on the recommendations approved	

for complying with the targets, which will be used for evaluating the indicators, can be consulted in the project execution schedule.

**PROCUREMENT PLAN  
(HO-0078)**

Items	Funding	Bidding procedure	Prequalification	Dates (semester/ year)
<b>1. Support for alternative basic education programs</b>				
1.1 Contracting CSOs that specialize in alternative education systems (US\$2,745,000). Assorted packages over three years	IDB 98% GOH 2%	LCB	Yes	I/98 to I/2000
1.2 Equipment (US\$80,000). Assorted packages	IDB 100%	LCB/shopping	No	I and II/98
1.3 Consulting services (US\$425,600). Various short-term contracts over three years	IDB 100%	Shopping	No	I/98 to I/2000
1.4 Educational materials and software (US\$113,000). Assorted packages	IDB 90% GOH 10%	LCB/shopping	No	I/98 to I/2000
<b>2. Middle school education</b>				
2.1 Infrastructure (US\$1,742,000). Assorted packages	IDB 90% GOH 10%	FHIS		I and II/98
2.2 School furnishings (US\$196,000). Assorted packages	IDB 90% GOH 10%	LCB/shopping/ direct	No	I and II/98
2.3 Consulting services (US\$270,000). Various short-term contracts over three years	IDB 100%	Shopping	No	I/98 to II/2000
2.4 Educational materials and software (US\$185,000). Assorted packages	IDB 90% GOH 10%	LCB/shopping	No	I/98 to I/2000
2.5 Equipment (US\$284,000). Assorted packages	IDB 100%	ICB/LCB/ shopping	No	I/98 to I/99
<b>3. Project coordination unit</b>				
3.1 Furnishings and equipment (US\$48,000). Assorted packages	IDB 90% GOH 10%	LCB/shopping	No	I/98
3.2 Vehicles (US\$63,000)	IDB 90% GOH 10%	LCB/shopping	No	I/98
3.3 Consulting services (US\$262,000). Various short-term contracts in the years 2 and 3	IDB 100%	Shopping	No	I/99 to II/2000

ICB = International competitive bidding  
LCB = Local competitive bidding  
Direct = Direct contracting

Original Signed  
RGII-HO097P  
HO-0078  
Original: Spanish

PROPOSED RESOLUTION

HONDURAS. LOAN No. /SF-HO TO THE REPUBLICA DE HONDURAS  
Program to Support Alternative Provisions of Basic Education and the Third Cycle  
of Basic Education

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de Honduras, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Program to Support Alternative Provisions of Basic Education and the Third Cycle of Basic Education. Such financing will be for the amount of up to US\$6,550,000, or its equivalent in other currencies, except that of Honduras, which are part of the resources of the Bank's Fund for Special Operations, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.