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Peru

Family Expenses in Public Schools

TC9911058

Technical Cooperation Brief

June 2000

TC/FUNDS BRIEF

PERÚ

TC-99-11-058-PE

GENERAL INFORMATION

Project name:	Family expenses in public schools.		
Project team:	Leader: Heraldo Laguzzi (RE3/S03); other members: Tore Floden (RE2/TEC); and Verónica Aulestia (RE3/S03) assisted in the preparation of this document.		
Beneficiaries:	Ministry of Education		
Name of Fund:	Swedish Technical Cooperation Trust Fund for Consulting Services		
Financing plan:	IDB (TC/Fund):	US\$	45,000
	Local Counterpart:	US\$	12,000
	Total:	US\$	57,000
Terms:	Execution period	5 months	
	Disbursement period	5 months	
Objectives:	To analyze the standard expenditure of the families with children in public schools. The specific objectives are: a) analyze how these standard expenditures change depending on the level of poverty and geographical location of the families; b) identify the type of contribution made by the families to the schools; and c) identify the expenditures made by the families on education. The study will focus on the different expenditures for girls and boys. The result of the report will be a useful tool for the Ministry of Education to design policies and strategies to alleviate the amount of expenses on the families in poverty. The study will also provide important inputs for the definition of the second phase of the Secondary Education Program.		

I. BACKGROUND

- 1.1 In the 90's the country adopted macroeconomic adjustment policies and structural reforms to stabilize the economy and lay the foundations for sustainable growth in the long term. The reforms significantly reduced and redirected the role and activities of the public sector and put the country back on the road to economic growth. This process included privatization of government enterprises, liberalization of foreign trade and the financial market. In addition, the labor market was made substantially more flexible.
- 1.2 Despite the substantial growth over the last few years, per capita GDP is barely at the level of the 60's. Moreover, only 17% of the economically active population is fully employed, while 74% is underemployed, and the remaining 9% is unemployed. And although income distribution has improved in recent years, it still compares unfavorably with the Latin American average.
- 1.3 According to the *Instituto Nacional de Estadística e Informática* in 1998, Perú had a population of approximately 24 million: 37.3% were living in poverty and 15.6% in extreme poverty. Besides, the household in extreme poverty had approximately 6.1 members, compared with 5.5 for families in poverty and 4.2 for the rest of the population.
- 1.4 To address this situation, the government has decided to focus public spending and social investment on higher-yield and more cost-efficient projects and better target the more vulnerable groups for poverty reduction and improvement in education, health and nutrition of the most disadvantaged population.
- 1.5 The Ministry of Education's basic statistics showed that the total student enrollment in public schools, by levels, for 1998 was approximately: 0.5 million for preschool, 3.6 million for elementary school and 1.7 million for secondary school. In the last decade the expenditure in education has increased and has become one of the most significant percentages of the GDP. Also, the contribution made by the families to the public schools is important. In 1994 it reached around 0.8% of the GDP. Nevertheless, this contribution could be a burden on the budgets of families living in poverty with children of school age. The distribution of minors in the different levels of poverty and age group is shown in chart I.

Chart I

Perú 1998

Minors by levels of poverty and age group								
Age Group	Levels of Poverty							
	Extreme Poverty	%	Poverty	%	No Poverty	%	Total	%
From 6 to 12 years old	1,005,525	23.0	1,118,062	25.5	2,255,174	51.5	4,378,761	100.0
From 13 to 17 years old	518,431	17.9	730,861	25.2	1,651,817	56.9	2,901,109	100.0
Total	1,523,956	20.9	1,848,923	25.4	3,906,991	53.7	7,279,869	100.0

II. IDB'S STRATEGY IN PERÚ AND RATIONALE FOR INVOLVEMENT

- 2.1 The IDB strategy emphasizes the contribution to reduce poverty and support the modernization of the state. The Bank's strategy in Perú for the 1998-2000 period identifies fostering the process of economic modernization as one of the country's main challenges, paying special attention to the support of the second phase of structural reforms, increased competitiveness, and the rational and efficient administration of resources. This strategy, in the area of social reform also includes the development of education and basic skills, help to increase the quality of primary education a foundation for continuing training, and to support plans to develop human resources in the education system.

III. OBJECTIVES AND DESCRIPTION

A. Objective

- 3.1 The general objective of the study is to analyze the standard expenditure of the families with children in public schools. The specific objectives are: a) analyze how these standard expenditures change depending on the level of poverty and geographical location of the families; b) identify the type of contribution made by the families to the schools; and c) identify the expenditures made by the families on education. The study will focus on the different expenditures for girls and boys. The result of the report will be a useful tool for the Ministry of Education to design policies and strategies to alleviate the amount of expenses on the families in poverty. The study will also provide important inputs for the definition of the second phase of the Secondary Education Program.

B. Description

- 3.2 The technical cooperation operation will finance consulting services to prepare the study mentioned above. The study to be prepared will be based on a Home National Survey (*Encuesta de Hogares- ENNIV 2000*) as its main source. The population sample for the survey will be approximately 3,200 homes. The survey will cover topics such as: number of grades and educational levels completed; current attendance/non attendance status; school supplies and other related cost; travel time to school; transportation cost and parents contribution to schools. The survey will also include a question about the parents' willingness to pay for a better quality education. This survey will be done during a period of two months. In addition, the survey will include: i) interviews with school principals and members of parents associations about the financing system of the public schools and the financial restrictions they face. Special attention will be paid to the interaction between parents and principals to cover the school expenses not paid by the State; and ii) focus groups formed by low and middle income parents in order to find out the mechanism used by public schools to collect funds. Since the information regarding the trends of public expenditures is available, it will be possible to analyze the levels of actual expenditure made by the State and those made by the families.

C. Execution

- 3.3 The technical services of the project will be provided by *Grupo de Análisis para el Desarrollo* (GRADE) in coordination with the Strategic Planning Unit of the Ministry of Education and the Bank. GRADE is a non-profit private organization established in 1980 in Lima, Perú. GRADE has an extensive research experience in the economic, environmental and social areas.
- 3.4 The implementation of this project will be executed over a four-month period and will include the following stages: a) analysis of methodology to be used, expected main results, possible recommendations of policies, and systematization of benefits for families with children in public schools according to levels of poverty; b) interviews with school principals and members of parents associations, focus groups, and elaboration of the study; and c) conclusions that will be presented and discussed during a seminar.
- 3.5 The final report, which is subject to Bank approval before last disbursement, shall contain the name of the donor and the ATN number of the operation. An executive summary in English of no more than three pages should be shared with RE2/TEC.

D. Relation with other Bank Operations

- 3.6 In the education sector the Ministry is implementing with the Bank's support a program to improve basic education quality (PE-0116) for US\$100 million, and in January 2000 also approved another program for improvement the quality of

secondary education (PE-0170) for US\$120 million. The secondary education program has two phases, the Bank approved the first phase. Also the Bank is supporting the implementation of *Fondo Nacional de Compensación y Desarrollo Social* for US\$150 million to improve living conditions for the poorest group and granted the conditions for the children to attend schools.

E. Expected benefits

- 3.7 The project will provide to the Ministry of Education with a significant information regarding the expenses made by families with children in public schools. This information will be useful in preparing educational strategies focus on the poorest segment of the population. This could led to the development of programs that will provide special support for the schools with students from poor families. Also, the study proposed in this TC will provide important inputs for the definition of the second phase of the Secondary Education Program. Finally, another equity rationale for the study is that direct financial support for families through the school systems –in primary, but most recently in secondary education- has lately been considered good policy by the Bank. Operations such as Youth Productivity and Employability Support Program in Argentina, PRAF in Honduras, and PROGRESA in Mexico, are proving to be important strategies in the war against poverty. Should the study conclude that opportunity costs or any kind of economic consideration is preventing poor families for sending children to school; this could be incorporated in future bank operations. This is important for Perú.

F. Budget

- 3.8 The project will be executed in a four-month period. The following table indicates the costs of the project.

Cost Item	Fund	Counterpart Funds	Total Cost
Principal Researcher (US\$3,000 x 5 months) Part time - Local	15,000		15,000
Associate Researcher (US\$2,250 x 5 months) Part time - Local	11,250		11,250
2 Research Assistants (US\$900 x 5months)	4,500	4,500	9,000
Local consultant		2,500	2,500
Communication/Workshops		3,500	3,500
Data Processing	5,000		5,000
Local Travel	800		800
Interviews (US\$50 x 20)	1,000		1,000
Focus groups (US\$950 x 2)	1,900		1,900
Administrative Expenses	5,550		5,550
Contingencies		1,500	1,500
Total	45,000	12,000	57,000
Percentage	79%	21%	100%

IV. DISBURSEMENTS

- 4.1 GRADE will receive a payment equivalent to 50% of their respective total contract values upon signature of the contract. Upon presentation and approval by RE3/SO3 of the final report will receive the final payment equivalent to the other 50%.

V. RESPONSIBILITY IN THE BANK

A. Technical Responsibility

- 5.1 This operation is under the responsibility of RE3/SO3; and the Bank Officer responsible is Heraldo Laguzzi, who can be reached at tel. (202)623-1264 or fax (202)623-3173, e-mail heraldol@iadb.org. Mr. Tore Floden (RE2/TEC) has contributed to the processing of this operation.

B. Responsibility for Disbursement.

- 5.2 RE3/SO3 is the unit responsible for disbursement. To execute the project only one contract will be required. GRADE will work in close cooperation with the Ministry of Education and the beneficiaries of the program.

VI. RECOMMENDATION

- 6.1 Heraldo Laguzzi (RE3/SO3), designated team leader for the project of the reference, recommends the approval of this operation and the use of resources from the Swedish Technical Cooperation Trust Fund for Consulting Services totaling up to US\$45,000, equivalent in order to finance the corresponding project.