

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **NICARAGUA**

### **YOUTH AND ADULT BASIC EDUCATION PROGRAM**

**(NI-0171)**

### **LOAN PROPOSAL**

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## **BASIC SOCIOECONOMIC DATA**

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://ops.iadb.org/idbloans/>

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

## **INFORMATION AVAILABLE IN THE RE2/SO2 TECHNICAL FILES**

### **Preparation:**

1. Geographical breakdown of the population by educational level
2. Geographical breakdown of primary school enrollment
3. Geographical breakdown of primary schools by type of school
4. Basic documentation for the Youth and Adult Continuing Education Office (DECJA)
5. Final version of the proposed youth and adult continuing education curriculum
6. Preliminary proposal for conducting a learning assessment
7. Organization of the Youth and Adult Continuing Education Office and staff positions
8. Report on the study of the PAEBANIC job training initiative
9. Report on the institutional and operational framework for program NI-0171
10. Proceedings of the workshop on the development of basic job skills training modules

### **Execution:**

1. Draft agreement between the MECD and the administrative/financial management agency
2. Program Operating Regulations
3. Annual plan of operations

## ABBREVIATIONS

ABE	Adult basic education
AECI	Spanish International Cooperation Agency
AFMA	Administrative/financial management agency
ASDI	Swedish International Development Agency
CEDA	Centros de Educación de Adultos [adult education center]
CER	Centro de Educación Radiofónica [radio-assisted education center]
DECJA	Dirección de Educación Continua para Jóvenes y Adultos [Youth and Adult Continuing Education Office]
DGIC	División General de Inversión y Cooperación [Investment and Cooperation Office Division ]
DGIDT	Dirección General de Innovación y Desarrollo Tecnológico [Technological Innovation and Development Office]
ENMNV	National Living Standards Measurement Survey
ERCERP	Enhanced Strategy for Economic Growth and Poverty Reduction
FSO	Fund for Special Operations
GTZ	German Technical Cooperation Agency
INEC	Instituto Nacional de Estadísticas y Censos [National Statistics and Census Institute]
IPADE	Instituto para el Desarrollo y la Democracia [Institute for Development and Democracy]
MDG	Millennium development goals
MECD	Ministerio de Educación Cultura y Deportes [Ministry of Education, Culture and Sports]
MEU	Monitoring and Evaluation Unit
MHCP	Ministerio de Hacienda y Crédito Público [Ministry of Finance and Public Credit]
OEI	Organization of Iberoamerican States for Science, Education and Culture
PAEBANIC	Programa de Alfabetización y Educación Básica de Adultos de Nicaragua [Nicaraguan Literacy and Adult Basic Education Program]
PCU	Planning and Coordination Unit
PPF	Project Preparation Facility
UCAPI	Unidad de Capacitación itinerante [mobile training unit]
UIDE	Educational Research and Development Unit
UOT	Field operations unit
USAID	United States Agency for International Development



# NICARAGUA

## IDB LOANS

APPROVED AS OF OCTOBER 31, 2003

	US\$Thousand	Percent
<b>TOTAL APPROVED</b>	<b>2,062,200</b>	
DISBURSED	1,590,688	77.13 %
UNDISBURSED BALANCE	471,511	22.86 %
CANCELATIONS	41,909	2.03 %
PRINCIPAL COLLECTED	340,549	16.51 %
<b>APPROVED BY FUND</b>		
ORDINARY CAPITAL	269,577	13.07 %
FUND FOR SPECIAL OPERATIONS	1,722,418	83.52 %
OTHER FUNDS	70,205	3.40 %
<b>OUTSTANDING DEBT BALANCE</b>	<b>1,250,140</b>	
ORDINARY CAPITAL	144,860	11.58 %
FUND FOR SPECIAL OPERATIONS	1,100,813	88.05 %
OTHER FUNDS	4,467	0.35 %
<b>APPROVED BY SECTOR</b>		
AGRICULTURE AND FISHERY	368,714	17.87 %
INDUSTRY, TOURISM, SCIENCE AND TECHNOLOGY	108,215	5.24 %
ENERGY	208,357	10.10 %
TRANSPORTATION AND COMMUNICATIONS	270,353	13.10 %
EDUCATION	22,240	1.07 %
HEALTH AND SANITATION	176,902	8.57 %
ENVIRONMENT	65,056	3.15 %
URBAN DEVELOPMENT	57,014	2.76 %
SOCIAL INVESTMENT AND MICROENTERPRISE	286,634	13.89 %
REFORM AND PUBLIC SECTOR MODERNIZATION	467,903	22.68 %
EXPORT FINANCING	1,826	0.08 %
PREINVESTMENT AND OTHER	28,986	1.40 %

\* Net of cancellations with monetary adjustments and export financing loan collections.



# NICARAGUA

## STATUS OF LOANS IN EXECUTION AS OF OCTOBER 31, 2003

(Amount in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROYECTS	AMOUNT APPROVED*	AMOUNT DISBURSED	% DISBURSED
<b><u>REGULAR PROGRAM</u></b>				
Before 1997	1	15,000	5,970	39.80 %
1997 - 1998	3	134,730	93,081	69.09 %
1999 - 2000	14	201,455	87,457	43.41 %
2001 - 2002	15	341,038	66,911	19.62 %
2003	1	30,000	0	0.00 %
<b>TOTAL</b>	<b>34</b>	<b>\$722,223</b>	<b>\$253,419</b>	<b>35.09 %</b>

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\* Net of cancellations. Excludes export financing loans.



Inter-American Development Bank  
Regional Operations Support Office  
Operational Information Unit

## Nicaragua

### Tentative Lending Program

**2003**

Project Number	Project Name	IDB US\$ Millions	Status
NI0167	Multisectoral Global Program	30.0	APPROVED
NI0172	Modernization of the State and Fiscal Reform	25.0	APPROVED
NI0182	Improvement of Plant, Animal and Forest Health Services	7.3	APPROVED
<b>Total - A : 3 Projects</b>		<b>62.3</b>	
<b>TOTAL 2003 : 3 Projects</b>		<b>62.3</b>	

**2004**

Project Number	Project Name	IDB US\$ Millions	Status
NI0171	Basic Education for the Young and the Adults	10.0	
NI0170	PPP Road Program for Competitiveness	40.0	
NI0180	VIII population and IV housing census	10.0	
NI0181	Institutional Support to the Coordination and Strategy Secretariat	6.0	
NI0168	Citizenship Security Prog.	7.0	
NI0183	Social Reform Program II	15.0	
*NI1002	Enitel Investment Program	34.8	
NI0113	Multiphase Program Secondary Roads	40.0	
<b>Total - A : 8 Projects</b>		<b>162.8</b>	
NI1001	Health Program II	30.0	
<b>Total - B : 1 Projects</b>		<b>30.0</b>	
<b>TOTAL - 2004 : 9 Projects</b>		<b>192.8</b>	
<b>Total Private Sector 2003 - 2004</b>		<b>34.8</b>	
<b>Total Regular Program 2003 - 2004</b>		<b>220.3</b>	

\* Private Sector Project

# YOUTH AND ADULT BASIC EDUCATION PROGRAM

(NI-0171)

## EXECUTIVE SUMMARY

<b>Borrower:</b>	Republic of Nicaragua	
<b>Executing agency:</b>	Ministry of Education, Culture and Sports (MEDC)	
<b>Amount and source:</b>	IDB: (FSO)	US\$10.0 million
	Local:	US\$ 1.1 million
	Total:	US\$11.1 million
<b>Financial terms and conditions:</b>	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	3.5 years
	Interest rate:	1% per annum for the first 10 years; 2% per annum thereafter
	Inspection and supervision:	1% of the loan amount
	Credit fee:	0.50% per annum on the undisbursed balance
	Currency:	U.S. dollars
<b>Objectives:</b>	<p>The program's overall objective is to boost the educational level and productivity of Nicaraguan youths and adults. The specific program objectives are to: (i) raise the level of educational attainment of adults over 15 years of age who never attended school or who dropped out of the formal school system before completing their basic education; (ii) boost the graduation rate from basic education for youths between the ages of 10 and 15; and (iii) strengthen the management, monitoring and impact evaluation system for investments in youth and adult basic education.</p>	
<b>Description:</b>	<p>The proposal calls for implementation of a US\$11.1 million program designed to improve the basic education system over a period of approximately three years.</p> <p><b>Component 1. Adult basic education</b> (US\$8.05 million). This component is designed to raise the primary school graduation rate and bring the educational attainment of adults who dropped out of school before reaching sixth grade up to a meaningful level. To this end, this</p>	

program component will help: (i) expand coverage at all three levels of classroom-based nonformal adult basic education (ABE) by financing financial assistance to facilitators and promoters, to be phased out over time; (ii) improve the quality and relevance of ABE services through the distribution of workbooks, guides and manuals, the provision of packages of educational and teaching materials for study groups and the training of all levels of Youth and Adult Continuing Education Office (DECJA) personnel; (iii) strengthen the learning outcome monitoring system as the basis for evaluating the component's impact; (iv) incorporate basic job skills training modules into the ABE curriculum to promote the use of newly developed skills out in the working world; and (v) mount a pilot radio-assisted ABE program to evaluate its effectiveness in municipios with a low population density.

**Component 2. Basic education (fifth and sixth grade levels) for youths (US\$880,000).** This component would complement spending on ABE with a strategy for expanding educational coverage at the last two grade levels of basic education in municipios with high concentrations of incomplete primary schools to: (i) boost the primary school graduation rate for youths between 10 and 15 years of age, and reduce the numbers of such youths in ABE study groups whose educational methods and materials are not designed for this age bracket; and (ii) reduce future adult demand for ABE, thereby helping to improve the sustainability of investments in ABE. This component will provide funding for: (i) the publication, printing and distribution of workbooks and exercise books, teaching guides and manuals; (ii) packages of basic supplies and materials for facilitators and students; (iii) packages of teaching materials for study groups; (iv) training for promoters and facilitators; (v) basic equipment for study groups meeting outside MECD facilities; and (vi) the administration of achievement tests.

**Component 3. Management support services and program monitoring system (US\$900,000).** The objective of this component is to ensure that the program: (i) equals and surpasses the level of responsiveness, transparency and administrative efficiency characterizing the implementation of the "PAEBANIC" ABE program; and (ii) has appropriate tools for monitoring ongoing activities and evaluating program performance or impact. The program will finance the cost of technical assistance services by an administrative/financial management agency (AFMA) for the DECJA, DGIDT, and other MECD offices involved in program implementation for performance of the following management functions: (i) administrative/financial management; (ii) human resource management; (iii) procurement and contracting management; and (iv) logistics, maintenance and inventory management. This

component will also provide funding for: (i) an outside evaluation of program management; and (ii) the design and implementation of a program information system.

**The Bank's  
country  
strategy and  
sector  
experience:**

The program falls within the strategic focus of “improving coverage, access and equity in education” under the National Education Plan for 2003-2015, which gives priority to educational spending on versatile, high-quality service delivery mechanisms meeting the needs of the poorest segments of the population, with special emphasis on adult education (see paragraph 1.17).

The Bank's country strategy with Nicaragua gives top priority to social spending and productive investments benefiting the poorest segments of society, with special emphasis on programs with short-term impacts such as this operation. (see paragraph 1.18).

**Coordination  
with other  
official  
development  
institutions:**

The program ties in with and rounds out operations by other donor agencies such as the World Bank and USAID at the primary education level (see paragraph 1.8) focusing on the delivery of youth and adult basic education services. In preparing the current program, the IDB team worked with experts from the Spanish International Cooperation Agency (AECI), which helped the DECJA finance a number of program preparation activities, and work sessions with various organizations active in the ABE area (see paragraph 1.29).

**Environmental  
and social  
review:**

In spite of the improvements in Nicaragua's basic education system in the past ten years, over a third of the country's population between 15 and 30 years of age has not finished primary school. This constraint is hampering efforts to boost domestic factor productivity, since this segment of the population makes up over half the labor force. Accordingly, the program helps expand and strengthen the coverage of ABE services which, by their nature, are self-targeting to the poorest segments of society. Moreover, supply bottlenecks at the uppermost grade levels of the primary school system are obstructing the educational advancement of youths between 10 and 15 years of age, particularly in rural areas. The program helps expand educational opportunities at these grade levels by adapting the urban teaching model for overage students for use in rural areas.

Program-funded activities are not expected to have any direct adverse environmental impact. The curriculum content for activities under component 1 includes environmental education (see paragraph 4.10).

**Benefits:** Program interventions are expected to have a positive impact on the income-earning capacity of Nicaraguan youths and adults, particularly those in the 15 to 30 age bracket, by raising their educational level and improving their basic job skills. However, these outcomes require sustained economic growth. Envisaged ABE activities should: (i) strengthen self-esteem and community involvement, particularly among women; (ii) improve health and nutrition practices; and (iii) raise parental awareness of the importance of educating their children.

**Risks:** **Educational innovations.** The educational innovations promoted by the program are designed to strengthen the organization and technical capabilities of interested local offices. There is a risk that the implementation of these reforms can be hampered by the absence of any real sense of ownership on the part of these local authorities. To minimize this risk, departmental coordinators were directly involved in program preparatory work for purposes of establishing a dialogue with respect to these innovations. The program also provides for a training system specially designed to strengthen the capacity of local authorities.

**Process integration.** The program includes provisions for the integration of selected administrative/financial, procurement and human resource management processes by the AFMA and the line offices involved in its implementation. The objective is to get these offices actively involved in key stages of these processes. However, there is a risk that this type of integration can interfere with the efficient, expeditious implementation of program activities. To mitigate this risk, preparations for the program included an in-depth study of each process and the framing of a viable process integration plan (see Table II-3). The program also provides for the AFMA to furnish technical assistance to interested offices for the implementation of this plan, whose progress will be evaluated as part of planned evaluations of program management.

**Special contractual clauses:** The MECD officially established the Technological Innovation and Development Office (DGIDT) **prior to submission of the loan proposal to the Bank's Board of Executive Directors** (see paragraph 3.30).

The **conditions precedent to the first disbursement** are as follows: (i) the MECD and administrative/financial management agency must enter into an administrative and financial management agreement satisfactory to the Bank; and (ii) evidence must be produced that the program Operating Regulations have entered into effect (see paragraph 3.31).

<b>Poverty-targeting and social sector classification:</b>	This operation qualifies as a social equity enhancing project as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, the operation qualifies as a poverty-targeted investment (PTI) (see paragraph 4.9).
<b>Exceptions to Bank policy:</b>	None. See procurement.
<b>Procurement:</b>	<p>The thresholds for the use of international competitive bidding are as follows: (i) construction contracts for works valued at or above the equivalent of US\$1 million; (ii) procurements of related goods and services valued at or above the equivalent of US\$250,000; and (iii) contract awards for consulting services for over US\$200,000. Smaller value procurements of goods, services and works will be subject to national legislation, provided it does not conflict with Bank policies.</p> <p>It is recommended that the Board of Executive Directors authorize direct contracting with the Organization of Iberoamerican States for Science, Education and Culture (OEI) for the procurement of program-financed consulting services for execution of program activities under subcomponent 3.A. This recommendation is based on a comparative study of the qualifications and experience of the Managua office of the OEI and other agencies by the project team, which found the OEI to offer certain technical and institutional advantages, including but not limited to the following: (i) solid evidence of having previously furnished the DECJA with expert administrative/financial, procurement and contracting, human resource and logistics management support services under the PAEBANIC program, which were pivotal to the success of the program implementation mechanism to be replicated by the Bank program; (ii) the fact that the Managua office of the OEI has also helped strengthen the DECJA's credibility with respect to the efficient management of funding under its authority; (iii) the track record of the staff of the Managua office which, with the sole exception of the manager, is made up of local experts. This organization built a good working relationship with the MECD in implementing the PAEBANIC program, laying the foundation for providing continuity in follow-up services extending beyond the program implementation period; and (iv) its positive evaluations in similar projects on which it has worked with the Bank (see paragraph 3.22).</p>
<b>Retroactive financing of allocable costs:</b>	With the Bank's approval, up to the equivalent of US\$500,000 of the loan proceeds may be used for the reimbursement of program-related costs incurred by the DECJA in connection with its preparations for the academic year beginning in February 2004 and, more specifically,

expenditures on: (i) school supply kits, including resource materials for facilitators and students; (ii) furnishings for study groups; (iii) the printing of textbooks; (iv) the promotional campaign for the youth and adult basic education program; and (v) supporting technical assistance services for start-up activities for implementation of the youth and adult basic education program. Such costs must have been incurred after 1 September 2003, and prior to the program's approval by the Bank's Board of Executive Directors, in line with applicable Bank policies (see paragraph 3.34).

## **I. FRAME OF REFERENCE**

### **A. Introduction**

- 1.1 Nicaragua is a country with a youthful population, high levels of poverty and low productivity. Of its five million inhabitants, over half are under 20 years of age, 45% live in poverty and labor productivity has been falling faster than the Latin American average. Total domestic factor productivity<sup>1</sup> fell by an average of 1.7% a year during the 1990s, three times the region-wide rate for Latin America for that same period.
- 1.2 The impact of continuing trade liberalization throughout the 1990s on employment levels for unskilled workers and on the wellbeing of the poorest segments of society was not as great as expected, due to competition from a large, very cheap, Asian unskilled labor force. Thus, the availability of unskilled labor with an incomplete primary school education does not represent a “comparative advantage” for the Nicaraguan economy. A study of empirical evidence suggests that, all other factors being equal, the economy’s poor performance in terms of competitiveness could well be a product of the low educational level of the country’s work force.<sup>2</sup>

### **B. The Nicaraguan educational system**

- 1.3 As indicated in Table I-1, Nicaragua’s education system consists of: (i) one year of preprimary education; (ii) six years of primary education; and (iii) five years of secondary education in which students in the last two years of secondary school have the option of pursuing a technical education as an alternative to a general secondary education. There is also an adult basic education (ABE) program for persons over 15 years of age who, for a variety of reasons, either never entered school or dropped out early. This program, which operates independently of the regular education system, is under the aegis of the Youth and Adult Continuing Education Office (DECJA) of the Ministry of Education, Culture and Sports (MECD), which offers versatile, flexible, alternative education services. Of the total MECD budget allocated to basic education, 2.2% is earmarked for adult basic education. Spending on ABE accounts for 1.7% of the annual MECD budget (6.6% of the nation’s GDP). The roughly 56,000 students enrolled in ABE programs represent 6% of enrollment in basic education.

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<sup>1</sup> A proxy for competitiveness.

<sup>2</sup> IPES 2001, “*Competitividad: el motor del crecimiento [Competitiveness: The Driver of Growth]*,” Inter-American Development Bank.

<b>Table I-1 Structure of the formal and adult education systems</b>											
Formal education system	Primary						Secondary				
							General			Technical	
Grade level	1st	2nd	3rd	4th	5th	6th	1st	2nd	3rd	4th	5th
Age (years)	7	8	9	10	11	12	13	14	15	16	17
Adult basic education equivalent	Level I		Level II		Level III						

- 1.4 Nicaragua is one of the poorest countries in the region.<sup>3</sup> Its education indicators reflect the low level of spending on human capital (see Table I-2). The average number of years of schooling among its population aged 15 and older is 4.8 years. This figure drops to 3.5 years in rural areas and to an average of only 2.4 years among the rural poor. In contrast, the average number of years of schooling among persons aged 15 years and older is 5.9 years for Central America and the Caribbean and 7.7 years for Latin America and the Caribbean. However, education policy in the last ten years has made substantial progress in promoting human capital formation and improving the internal efficiency of the education system.

<b>Table I-2: Average number of years of schooling among the population aged 15 and older</b>								
	Costa Rica	El Salvador	Guatemala	Honduras	Mexico	Nicaragua	Panama	Dominican Republic
Urban	9.3	8.3	6.7	7.2	9.5	7.1	10.6	9.3
Rural	6.6	3.9	2.5	3.8	5.5	3.5	7.1	5.5
Total	7.8	5.2	3.5	4.8	7.9	4.8	8.6	7.7

- 1.5 Since the early 1990s, the percentage of the population between 15 and 30 years of age with less than five years of schooling<sup>4</sup> has dropped from 49% down to 37%. The larger numbers of children attending school are reflected in the growth in gross and net enrollment rates<sup>5</sup> at the primary school level. This gain helped narrow the nonschooling gap between the poor and nonpoor. In 1998, the net primary school enrollment rate among the poor was 8 percentage points below the rate for the nonpoor. By 2001, the difference had narrowed to only five percentage points. Moreover, education policy not only succeeded in putting more children in school, but also reduced the number of children forced to repeat a grade, lowering repeater rates across all grade levels of the primary school system.<sup>6</sup>

<sup>3</sup> With a per capita income of approximately US\$450.

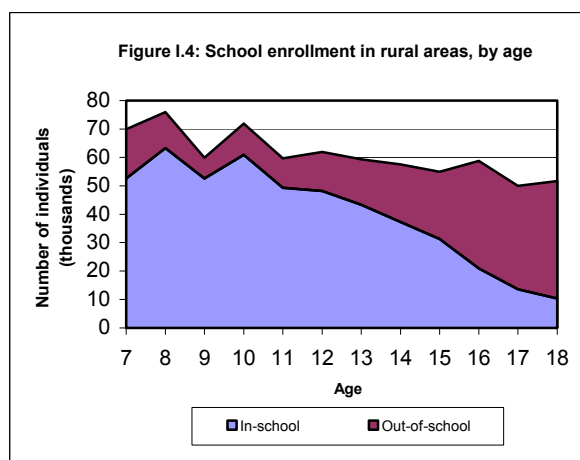
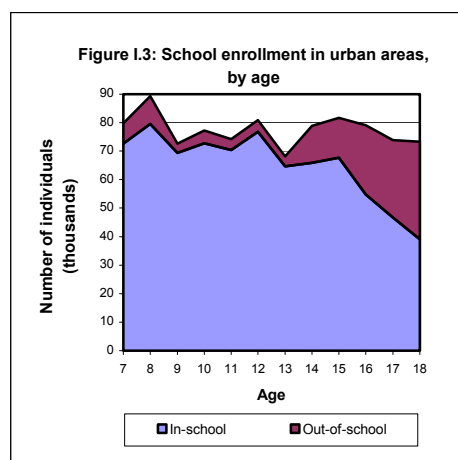
<sup>4</sup> The internationally accepted definition of functional illiteracy.

<sup>5</sup> The net enrollment rate for the absolute poor jumped from 55% in 1993 to 70% by the year 2001.

<sup>6</sup> Republic of Nicaragua, "*Educación para todos [Education for All]*" initiative, 2002.

### C. The challenge of providing universal basic education

- 1.6 Despite this progress, Nicaragua still shows a large stream of students dropping out of school before finishing their primary education. It has quite a large out-of-school population (see Figures I.3 and I.4), consisting primarily of the absolute poor and of residents of rural areas. Thirteen percent of the child population aged 10 to 14 years, or 90,000 children, drop out of school with less than six years of schooling, with no gender disparities. Approximately 540,000 persons, or 34% of the population between 15 and 30 years of age, representing more than half the country's work force, are not in school and have not finished primary school, which hurts their job prospects.<sup>7</sup>
- 1.7 The low enrollment rates and continuing high dropout rates among young children, particularly in rural areas of the country, are the products of a combination of supply and demand factors. As far as demand factors are concerned, nearly a third of males in rural areas, for example, report performing some form of unpaid family labor, which increases the opportunity cost of school attendance by these children.<sup>8</sup> Demand subsidy programs mounted by the Nicaraguan government such as the Bank-financed social safety net program (1055/SF-NI and 1109/SF-NI) demonstrate that this cost can be efficiently subsidized to encourage school attendance by this population group and improve its educational attainment.<sup>9</sup>



- 1.8 The Nicaraguan government has followed up these demand subsidies with supply-side improvements through investment programs financed by the World Bank, the

<sup>7</sup> A large majority of workers in-bond industries, for example, which are expected to create more than 11,000 new jobs by the year 2006, have at least a complete primary school education.

<sup>8</sup> World Bank, Nicaragua: *Poverty Assessment*. 2001.

<sup>9</sup> IFPRI 2002. Nicaraguan social safety net program evaluation reports.

United States Agency for International Development (USAID) and other organizations. The World Bank-funded APRENDE project, for example, financed the procurement and distribution of textbooks, curriculum guides and teaching materials and the development of a learning assessment system, and is helping to strengthen the education management and supervision system. The USAID-funded BASE project mounted an ambitious program to improve educational management and quality in 174 multigrade rural schools, known as the “Model Schools” program. Together, these operations have helped achieve the outcomes discussed above, reducing the flow of children leaving the school system without finishing primary school. However, Nicaragua still has serious supply bottlenecks at the uppermost grade levels of the primary school system, particularly in rural areas where 39% of its close to 5,800 rural primary schools have only four grades.<sup>10</sup>

- 1.9 **Adult basic education (ABE).** In conjunction with efforts to strengthen the country’s regular primary school system, the MECD has been operating a successful ABE program known as the Nicaraguan Literacy and Adult Basic Education Program (PAEBANIC) with the support of the Spanish International Cooperation Agency (AECI) and technical assistance from the Organization of Iberoamerican States for Science, Education and Culture (OEI) in logistics and administrative management. The program’s objective is to serve school dropouts over the age of 15 whose reentry is complicated by their advanced age for their grade level and their need to work. In the past few years, program coverage has been running at approximately 45,000 persons a year, including 35,000 participants within the 15 to 30 age bracket, which is 17% of the target population. The female participation rate in this age bracket is 41% in rural areas, which is below the program average of 47%.
- 1.10 The PAEBANIC program has proven to be an efficient, responsive alternative for serving its target population and for helping to promote universal basic education. Completion rates for all three levels of ABE are over 82%, which is high compared with graduation and retention rates in the regular primary school system, particularly in rural areas, as well as with international experiences with ABE programs. Its success can be attributed to effective program administration in a number of areas, such as teaching, teacher training, logistics and the supervision of study groups. The service delivery mechanism offers evening classes requiring fewer years of study for graduation at a lower cost per student than regular primary schools. The per student cost of the PAEBANIC program is in the neighborhood of US\$50, compared with US\$108 for formal basic education. Accordingly, spending on ABE is a cost-effective alternative for achieving significant gains in educational attainment within a comparatively short time frame. The program also has a flexible model for the hiring of promoters and facilitators for its study groups, enabling it to adjust the supply of education services to keep pace with changes in demand.

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<sup>10</sup> Incomplete schools are generally small and 83% have multigrade classes.

- 1.11 Though the program's achievements are certainly noteworthy, there are still a number of weaknesses warranting further reinforcement, including the need to: (i) standardize and solidify the program and expand service coverage; (ii) make teacher training activities and curriculum content more relevant, particularly in the job training area; (iii) strengthen learning assessment and the monitoring of educational achievement; and (iv) enhance DECJA technical and managerial capabilities. The program's success warrants the adoption of its educational model and materials by adult education centers (CEDA), which provide formal primary education services in accelerated night classes to some 10,000 students.
- 1.12 There is a growing interest in ensuring that education programs provide students with the tools for using their new skills and knowledge out in the working world, which is especially important in low-income countries in which there are serious constraints limiting access to education. This type of tie-in is not easy to achieve, given the rigid organizational structure of education systems. In the specific case of adult education, such a linkage between education and employment translates into an immediate visible demand from students, who are generally of working age and from the lowest income groups, both of which factors are pressuring them to look for work or to improve their job prospects.
- 1.13 The evidence shows that, both in the PAEBANIC program and in others,<sup>11</sup> short-term technical training to persons without at least a complete primary school education and, thus, without a high enough level of proficiency in reading, writing and mathematics, has very little impact on employment and job performance. International experience, including the Bank's own experience in the region with various pioneering programs such as "Proyecto Joven," a youth training program in Argentina, and the PROBECAT program in Mexico, points to the advisability of devising a strategy for promoting basic job skills training (for the development of self-esteem and skills such as team work, work planning and organization, etc.). Such a strategy would help participants use the skills and knowledge acquired as part of the educational process in the working world.<sup>12</sup> The Bank program provides for the inclusion of these training modules as part of the ABE curriculum.

#### **D. Achievements and lessons learned from international experience**

- 1.14 One of the millennium development goals (MDG) is to provide universal basic education for all as the basis for improving living conditions for the poor. Among

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<sup>11</sup> According to experiences with adult education under the Programa de Becas de Capacitación para Desempleados en México [Training scholarship program for unemployed Mexican workers] in the early 1990s and the qualitative evaluation of the job training model implemented by the PAEBANIC program in 2000 and 2001.

<sup>12</sup> Compass to Workforce Development: Guidebook Case Studies, Center of Workforce Development, USA; Informe Projoven, 2000 ["Projoven" Report], Government of Uruguay; Estudio de Evaluación de la Modalidad Mixta del Programa de Becas de Capacitación [Evaluation of the work-study system under the training scholarship program], STPS, Mexico, 2000.

the performance indicators for this goal is an improvement in the literacy rate for the population between 15 and 24 years of age. It is with this in mind that the international community has taken a new interest in adult education. However, past experience with adult education programs has been mixed, which makes it crucial to invest in models drawing on the achievements and lessons learned from previous initiatives around the world.

- 1.15 One of the latest reviews of experiences with adult education underscores the following benefits:<sup>13</sup> (i) better self-esteem and more active involvement by program recipients in activities in their communities; (ii) a better appreciation by program recipients of the importance of educating their own children; (iii) improvements in family health and nutrition practices; (iv) a reduction in the number of children per household; (v) a boost in production attributable to a better understanding of available information; (vi) greater community involvement; and (vii) a better understanding of information transmitted by the media, etc.
- 1.16 The following lessons drawn from past experience are especially noteworthy: (i) The government must undertake to mainstream ABE programs into the national education system, even in cases where it chooses to use outside contractors to run such programs; (ii) it is important to monitor different groups of recipients for possible differences in their motivation, though eligibility criteria should not exclude any specific age groups a priori; (iii) there needs to be a bridge between formal and nonformal education in the form of an adult education certification system providing a seal of quality to enhance the value of this form of education out in the working world; (iv) successful projects tend to recruit facilitators from within the local community; (v) it is important that the program design include induction training and a solid supervision and support system for facilitators to fill any gaps in their education; (vi) the development of high-quality materials is especially important in a program based on the use of facilitators. All these elements have been systematically incorporated into the design of the Bank program.

#### **E. The country's and Bank's strategy and sector experience**

- 1.17 The program is in keeping with the Nicaraguan government's overall strategy for raising the educational level of the nation's work force, reflected in its commitments in furtherance of the twin goals of reducing illiteracy and expanding basic education coverage as part of the Enhanced Strategy for Economic Growth and Poverty Reduction (ERCERP) under the HIPC Initiative. The program also falls within the scope of the strategic focus of "improving coverage, access and equity in education" under the National Education Plan for 2003-2015, which gives priority to educational spending on versatile, high-quality service delivery mechanisms meeting the needs of the poorest segments of the population, with special emphasis on adult education. Moreover, the program helps further ongoing

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<sup>13</sup> John Oxenham and Aya Aoki (2002), "Including the 900 Million," World Bank.

efforts by the Nicaraguan government, via the MECD, to meet the challenge of providing universal basic education as part of its strategic plan for improving the quality of education services under the “Education for All” initiative.

- 1.18 The Bank’s country strategy in Nicaragua gives top priority to social spending and productive investments benefiting the poorest segments of society, with special emphasis on programs with short-term impacts such as this operation. The program is in line with this strategy and complements the two ongoing Bank loans for secondary and higher education, both which programs are being duly implemented by the MECD and the Ministry of Finance and Public Credit (MHCP).<sup>14</sup>
- 1.19 The problems encountered early in the program implementation period for the secondary education loan are attributable to the complexity of the issues involved in education reform processes. Such problems demonstrate that, at least in the case of Bank operations in conjunction with the MECD, the establishment of ad hoc executing units does not, in itself, suffice to ensure the successful implementation of such operations. Accordingly, there is clearly a need for the implementation of long-term technical support plans for MECD offices with explicit objectives designed to build up their technical capacity, so that they can gradually take over the leadership role in the program implementation process.

#### **F. Rationale**

- 1.20 The program design and implementation mechanism are grounded in the following background information on and lessons drawn from relevant international and Bank experience. The most prominent points are discussed below.
- 1.21 **Nicaragua needs to expand ABE coverage to meet the ERCERP adult literacy target and further the millennium development goal (MDG) of universal primary education.** The country has committed itself to lowering the current illiteracy rate of 19% to 10% and to boosting the net enrollment rate in basic education from 77% up to 90% by the year 2015. With more than 600,000 out-of-school children, youths and adults, their coverage by the education system through the expansion of ABE is pivotal to the attainment of these goals.
- 1.22 **The country’s ABE program requires the development and administration of educational certification tools as a bridge between the formal and nonformal education systems.** Up to this point, the PAEBANIC program has not had a set of standard tests with which to verify the educational achievement of participants in ABE programs. The Bank program includes provisions for the development and administration of such tools.

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<sup>14</sup> “Preparation of the Education Reform Program” (1034/SF-NI) and “Tertiary Education Project” (1072/SF-NI).

- 1.23 **The design of the current ABE program included a relatively successful induction training and regular monitoring system. However, the education support system for facilitators was designed as a multitier “cascade” system, which reduced the ultimate effectiveness of training.** The Bank program redesigns the training and monitoring model by: (i) reducing the number of training “cascades” from four to three; and (ii) adding a follow-up education support system addressing gaps in the education of facilitators revealed by the program’s regular monitoring system.
- 1.24 **High-quality materials and curriculum reform are essential, not only to make up for any weaknesses in the education of facilitators, but also to motivate program recipients by addressing subjects relevant to their lives and establishing linkages with the formal education system.** Nonreimbursable technical assistance by the Bank has helped the executing agency revise the curriculum for its ABE program, sequence matrices and corresponding syllabi. As a result, there are quality materials available for effectively expanding service coverage.
- 1.25 **The lessons learned from job training programs point to the advisability of including basic job skills training as part of ABE activities.** Up to now, the PAEBANIC program has not included any basic job skills training modules, simply subsidizing the social demand for training from graduates of ABE programs. The Bank program intends to include such training modules as part of ABE levels II and III.
- 1.26 **The achievement of universal primary education does not only mean serving out-of school youths and adults who have not finished primary school. It also means expanding educational coverage at all grade levels of the primary school system (up to the sixth grade level).** Attaining the ERCERP goals and MDGs will require expanding primary school coverage while, at the same time, improving educational advancement to ensure that the majority of children entering the school system at first grade level complete their primary school education. The Bank program shores up government efforts to expand primary school coverage, particularly at the last two grade levels plagued by supply bottlenecks.
- 1.27 **Limited educational opportunities at the fifth and sixth grade levels have prompted many students completing fourth grade to enroll in ABE study groups, which is creating highly diverse groups of students and reducing the effectiveness of the teaching/learning process, since children and adults require different teaching methods.** The Bank program provides for the design and implementation of a service delivery mechanism similar to that of the ABE program in terms of flexible class schedules and annual costs to meet demand from children endeavoring to finish primary school, with teaching models and methods tailored to the needs of the beneficiary population.

**G. Coordination with other official development institutions**

- 1.28 The program ties in with and rounds out other operations in Nicaragua by donor agencies such as the World Bank and USAID at the primary education level (see paragraph 1.8) focusing on the delivery of nonformal youth and adult basic education services. In preparing the current program, the IDB team worked with experts from the AECI, which helped the DECJA finance a number of program preparation activities, including a revision of the ABE curriculum and the design and layout of new basic education materials for youths (at the fifth and sixth grade levels) and basic job skills training modules. Preparations for the program also included consultations with organizations such as URACCAN (the University of the Autonomous Regions of the Caribbean Coast of Nicaragua) and the Instituto para el Desarrollo y la Democracia (IPADE) [Institute for Development and Democracy], a Nicaraguan NGO, which are conducting ABE activities in the Autonomous Atlantic Regions, particularly in the “mining triangle” area, with assistance from the European Union, the Swedish International Development Agency (ASDI), USAID, the German Technical Cooperation Agency (GTZ) and other donors. IPADE and URACCAN have furnished the DECJA with bilingual ABE materials in the Miskito, Mayangna and Garífuna languages.
- 1.29 The work sessions referred to in the preceding paragraph were part of a series of consultations by the Bank team with stakeholders during the program preparation stage, including but not limited to the following activities: (i) visits to study groups in different departments and interviews with ABE students, facilitators, promoters and coordinators; (ii) meetings with representatives of the business community; and (iii) talks and information sharing with various government agencies and NGOs involved in ABE and job training programs.

## II. PROGRAM DESCRIPTION

### A. Objectives

- 2.1 The program's overall objective is to boost the educational level and productivity of Nicaraguan youths and adults. The specific program objectives are to: (i) raise the level of educational attainment of adults over 15 years of age who never attended school or who dropped out of the formal school system before completing their basic education; (ii) boost the graduation rate from basic education for youths between the ages of 10 and 15; and (iii) strengthen the management, monitoring and impact evaluation system for investments in youth and adult basic education.

**Table II-1 Selected targeted impact indicators**

<ul style="list-style-type: none"> <li>• Increase of four percentage points in retention rates at all three levels of ABE.</li> <li>• Tangible improvement in the proficiency levels of students completing the three levels of ABE in reading, writing and mathematics, compared with the control group.</li> <li>• Graduation from primary school by 85% of students enrolled in basic education (5th and 6th grade level) courses for youths.</li> </ul>
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### B. Structure

- 2.2 The US\$11.1 million program, to be mounted over a period of approximately three years, is designed to improve the country's basic education system by financing the implementation of innovative models in the following areas: (i) quality and relevance of ABE services; (ii) learning assessment; and (iii) expansion of service coverage at the uppermost grade levels of basic education. The following table presents a breakdown of scheduled interventions under the first two of the three program components.

**Table II-2 Breakdown of program interventions, by component**

Regular primary school grade levels	1st	2nd	3rd	4th	5th	6th
Adult basic education equivalents	Level I		Level II		Level III	
<b>Component 1. Adult basic education</b> (for persons over 15 years of age)						
Classroom-based ABE						
Basic job skills training modules						
Radio-assisted basic education						
<b>Component 2. Basic education (5th and 6th grade levels) for youths</b> /(for children over 10 and under 15 years of age)						

## **1. Component 1. Adult basic education (US\$8.05 million)**

- 2.3 The objective of this component is to raise the primary school graduation rate and bring the educational attainment of adults who dropped out of school before reaching sixth grade up to a meaningful level by financing activities aimed at expanding the coverage of first, second and third level ABE study groups based on the nonformal service delivery mechanism developed as part of the PAEBANIC program and by helping to improve the quality and relevance of formal and nonformal classroom-based ABE. It will also solidify and strengthen the learning outcome monitoring and assessment system for participants in ABE programs, incorporate basic job skills training modules into the curriculum for formal and nonformal classroom-based ABE and assist with efforts to mount a pilot radio-assisted ABE program including some classroom instruction to evaluate the effectiveness of this type of delivery mechanism in sparsely populated rural areas.
- 2.4 Efforts to expand the nonformal classroom-based ABE service delivery mechanism developed as part of the PAEBANIC program will target departments and municipios with larger absolute numbers of adults between 15 and 30 years of age who dropped out of school without completing their basic education. The program Operating Regulations rank municipios based on this indicator. Municipios with densely populated urban areas have the highest concentrations of prospective recipients of services under this component and, thus, should be given top priority by the program. Such a strategy will help the program expand ABE coverage by concentrating study groups in specific geographic areas, thereby facilitating their supervision. The pilot radio-assisted basic education program will be mounted in those municipios with the lowest population densities from among the group of municipios meeting the above-mentioned criteria in terms of the concentration of adult dropouts from primary school. The expectation is that this component will lower the dropout rate and boost the graduation rate at all three levels of ABE and improve the proficiency of participants in each level of ABE in reading, writing and mathematics.

### **1.A Expansion and strengthening of classroom-based ABE services (US\$7.1 million)**

- 2.5 The program will help expand and solidify the ABE educational model implemented by the MECD under the PAEBANIC program by funding approximately 2,700 study groups per year. The expectation is that 70% of participants will be between the ages of 15 and 30 and that the program will reach approximately 28% of the target population in this age bracket. Phasing of service coverage targets should help solidify the service delivery model early in the program. Each study group will meet Mondays through Fridays for a period of eight months, in three-hour long evening or night sessions, depending on student demand. These study groups may operate out of schools, private homes, churches, community meeting halls, etc., with one facilitator for each 20 or so students.

**a. Educational resources (US\$5.33 million)**

- 2.6 The program will provide financing for financial assistance to facilitators serving as instructors for study groups, departmental promoters providing administrative and education support services and municipal promoters, to be phased out over time. This financial assistance accounts for 35% of the funding allocated to this subcomponent. Presumably, most facilitators will have a teaching, secondary school or university degree or, alternatively, at least some secondary school. The program will also finance the implementation of a series of innovations designed to strengthen the quality and relevance of educational and teaching materials for study groups, drawing against the Project Preparation Facility (PPF) (NI-L1003). Also financed will be the cost of printing and distributing approximately 815,000 workbooks and 163,000 exercise books for students at all three levels of ABE (sets of one exercise book and five workbooks for levels I, II and III) and 49,000 workbooks, 9,800 exercise books, 8,700 teaching guides and 17,400 manuals and syllabi for facilitators and promoters. The manuals will deal primarily with the basic underlying concepts of the teaching model and the use of teaching guides and educational materials. Preparations for program implementation included a revision of the curriculum and the design, development and publication of course outlines and syllabi. This subcomponent will also provide funding for the updating of workbooks, guides and manuals.
- 2.7 Program funding will cover the cost of approximately 163,000 supply kits for students (consisting of a pencil, sharpener, eraser, notebooks, etc.) as well as for facilitators and promoters (consisting of a pencil, pen, sharpener, eraser, notebooks, markers, plastic rulers, flip charts, binder, etc.), along with packages of teaching aids for 2,700 study groups and 365 adult education centers (CEDA) to help promote learning at all three levels of ABE, including flip charts, maps, geometry sets and dictionaries. The program will also finance the cost of equipping study groups with mini-libraries containing somewhere in the neighborhood of 20 books each, including background reading for students, educators and community members on matters relevant to the life experiences of program recipients. It also provides financing for the printing and distribution of workbooks, exercise books, guides and manuals for 26,700 students and 356 instructors in nonformal ABE activities operated by adult education centers lacking them.

**b. Training of experts, promoters and facilitators (US\$590,000)**

- 2.8 The three-tiered training system is designed to cover program personnel at all levels, including headquarters staff, departmental coordinators, promoters and facilitators and adult education center instructors. The first tier, consisting of two four-day training courses conducted at the beginning and midpoint of the academic term, will provide centralized training for all municipal promoters. The second tier, at the departmental level, consists of two two-day training courses for facilitators, to be conducted at the beginning and midpoint of the academic term by the

departmental education services promoter with support, if necessary, from the mobile training unit (UCAPI) to be established at headquarters level. The third tier, at the municipal level, consists of a series of six one-day training sessions a year for facilitators within each municipio conducted by the municipal promoter with support, if necessary, from the education services promoter. Participants in one-day training sessions will be provided with meals and travel allowances. Lodging will also be provided for participants in longer training sessions.

- 2.9 The program also provides funding for three days of special remedial training to be dispensed directly by the UCAPI in the capitals of municipios to a small group of facilitators (approximately 10%) whose performance has exposed weaknesses in their teaching ability, as well as for specialized management and professional development courses for headquarters technical staff, and five days a year of training in educational management for departmental program coordinators. Training activities for mid-level ABE program personnel will focus mainly on curriculum subjects (reading, writing, mathematics, etc.), but will also address specific subject areas dealt with in the workbooks (gender relations, environment and intercultural relations). The program will finance the cost of two two-day training sessions a year on gender relations for headquarters staff and help promote voluntary information sharing by promoters in this area. PPF financing will also go to activities under this subcomponent.

**c. Furnishings, equipment and infrastructure (US\$440,000)**

- 2.10 Spending on furnishings and equipment is a must, particularly in the case of study groups meeting outside MECD facilities (approximately 50%). Each such study group will be equipped with a table and folding benches, a gas and/or fluorescent lamp and a chalkboard. Where necessary, departmental program offices will be equipped with two desks, chairs, a chalkboard, a conference table, a country map, a floor fan, a printer, a fax machine, a computer and metal filing cabinets. The program will also finance the construction of five departmental warehouses in departments lacking such facilities. These warehouse facilities are required for logistics purposes, for the storage of furnishings, equipment and educational supplies and materials for study groups at the end of each academic year.

**d. Support for model implementation (US\$530,000)**

- 2.11 The program will finance the cost of technical assistance for the DECJA to strengthen its ability to expand and monitor formal and nonformal classroom-based ABE activities and the procurement of approximately 70 motorcycles and 11 vehicles to enable departmental and municipal promoters to furnish study groups with effective guidance and supervision and for logistics purposes, to transport materials and equipment for study groups back and forth at the beginning and end of each academic year. It will also cover the cost of specialized technical assistance in adult education to strengthen and enhance training workshops and guidance and

follow-up services for promoters and facilitators, as well as the cost of yearly promotional campaigns to disseminate information on the program. PPF financing will also go to the last two of these activities.

**e. Monitoring and assessment of learning outcomes (US\$210,000)**

- 2.12 The program will finance the cost of specialized technical assistance for the updating of tools to monitor the academic achievement of students at each level of ABE and for the design of appropriate mechanisms for their administration. These tools, which will be used as basis for evaluating the impact of this component, will have a well-thought-out design, comparing student performance at the beginning and end of the academic year and including standard entrance and final examinations for each level of ABE. PPF financing will also go to these activities. It will also cover the cost of printing the examinations, of outside training and supervision for promoters and facilitators for the administration of corresponding tests and of outside technical assistance for analyzing the test scores. The program provides for the submission of evaluation reports at the end of each academic year, i.e. in the first quarter of each calendar year.

**1.B Basic job skills training modules (US\$470,000)**

- 2.13 The program will assist with efforts to incorporate five basic job skills training modules (“How to run a good business,” “How to improve my job performance,” “Farm work,” “Housework” and “How to find a job”) into the ABE curriculum to promote the use of reading, writing, mathematics and other skills acquired as part of the learning process out in the working world through exercises relevant to adult working experiences. This should help provide participants with additional and better resources for making decisions and looking for employment opportunities or ways to pursue their education. These modules will address issues such as team work and self-esteem, the development of communications skills, work planning and organization, how to obtain and use job hunting information, customer service, etc. Facilitators will administer these five basic modules to study groups at levels II and III of formal and nonformal ABE.
- 2.14 The program will fund the cost of the publication and printing of approximately 5,200 guides for facilitators and adult education center instructors, 250,000 student textbooks and workbooks and 600 manuals for promoters, facilitators and adult education center instructors, along with: (i) three days of training each year for headquarters technical staff and departmental and municipal promoters; and (ii) two two-day training sessions a year for facilitators and adult education center instructors at the departmental level at the beginning and midpoint of the academic year. The six one-day training sessions for ABE facilitators to be conducted each year at the municipal level (see paragraph 2.8) will also address issues relating to the administration of these training modules. As part of its program preparations, the DECJA provided training on these basic job skills training modules to

departmental coordinators and headquarters technical staff with outside technical assistance. Efforts to design and secure approval for matrices, syllabi, guides and workbooks for each module are in progress.

- 2.15 The addition of basic job skills training modules will require specific capacity-building activities for DECJA technical units. Accordingly, the program will finance the cost of officewide specialized technical assistance services to strengthen its ability to monitor activities under this subcomponent.

**1.C Pilot radio-assisted youth and adult basic education program**  
(US\$480,000)

- 2.16 The program will finance the implementation of a pilot radio-assisted youth and adult basic education program in municipios with a highly scattered population making daily attendance of study groups under the classroom-based ABE delivery system more difficult. The model for this subcomponent is based on a 34-week-long program offering all three levels of ABE, including some classroom instruction. Daily radio broadcasts will be 20 minutes in length and will be followed up by five-hour-long weekly sessions with a facilitator in a radio-assisted education center (CER). The radio-assisted education center may be a MECD facility, private home, community meeting hall or other appropriate facility. The facilitator will brief the students on the week's radio classes, review their exercise sheets and assign homework in different subject areas. The goal is to reach 6,000 students under this program. The pilot will make use of materials (recordings and achievement tests) recently developed by the Technological Innovation and Development Office (DGIDT).
- 2.17 The program will finance the cost of printing and distribution of 12,480 textbooks for facilitators and students, a comparable number of guides for the use of these textbooks, 460 manuals for facilitators and coordinators and 48 radio broadcasts by local stations. It will also finance three five-day training sessions for facilitators throughout the year and the cost of associated audio and audiovisual materials and equipment, the printing and administration of tests, class supervision by coordinators and annual oversight activities by headquarters technical staff and will provide funding for financial assistance to facilitators and coordinators, to be phased out over time.

**2. Component 2. Basic education (5th and 6th grade levels) for youths**  
(US\$880,000)

- 2.18 The lack of classes at fifth and sixth grade levels in primary schools in many rural communities is responsible for the presence of large numbers of youths between 10 and 15 years of age in level III ABE study groups, whose teaching methods and materials are not designed for this age group. This component would complement investment in ABE with a strategy for expanding educational opportunities at the

uppermost two grade levels of basic education to: (i) boost the primary school graduation rate for this age group and reduce the numbers of such youths attending ABE study groups; and (ii) reduce future adult demand for ABE services, thereby helping to improve the sustainability of investments in ABE.

- 2.19 This component will introduce the teaching model for stage three of the program for overage students (equivalent to the fifth and sixth grade levels of regular primary education) currently being implemented in a limited number of city schools by the MECD, equivalent to ABE level III, in rural areas of the country. Preparations for the Bank program included the adaptation of this model by the DECJA for use in rural areas, including adjustments in the scope and sequence of the curriculum content and the development and publication of curricula, syllabi and workbooks. These 10-month-long study groups will be physically located in school facilities available for use during the evening hours. The facilitators for these study groups may be teachers in regular or multigrade primary schools. Program activities under this component will be targeted at those municipios which, according to MECD school mapping data, have the most serious supply bottlenecks at the fifth and sixth grade levels of primary school<sup>15</sup> and, within this group, at those earmarked for the expansion of ABE services. The program Operating Regulations rank municipios based on these factors. The program will serve a total of 7,300 students a year in approximately 350 study groups, which is 8% of the potential beneficiary population. These activities are expected to boost the primary school graduation rate at sixth grade level.

**a. Educational resources (US\$690,000)**

- 2.20 The program will finance the design, printing and distribution of approximately 110,000 workbooks and 22,000 exercise books for students in fifth and sixth grade study groups (sets of one exercise book and five workbooks each), 1,170 teaching guides, a comparable number of syllabi and 1,240 manuals for facilitators and promoters. Manuals for facilitators and promoters will focus on the basic underlying concepts of the teaching model and the use of teaching guides and educational materials. It will also cover the cost of 23,000 supply kits for students, facilitators and promoters and a package of teaching materials for each study group. The content of these kits and packages is the same as for participants in classroom-based ABE programs (see paragraph 2.7). The program will also supply funding for financial assistance to promoters and to facilitators serving as instructors for these study groups, to be phased out over time.

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<sup>15</sup> Measured by: (i) the ratio of fifth grade to fourth grade enrollment in primary schools at the municipio-wide level; and (ii) the percentage of incomplete primary schools (schools ending at fourth grade level) at the municipio-wide level, based on MECD school mapping data.

**b. Training of promoters and facilitators (US\$80,000)**

- 2.21 The training system for this component will have the same design as the training system for personnel associated with classroom-based ABE study groups. The program will finance the cost of two four-day centralized training courses for municipal promoters for this mode of service delivery at the beginning and midpoint of the academic term, two two-day courses for facilitators at the beginning and midpoint of the academic year, at the departmental level, and six days of training a year for facilitators, to be dispensed by municipal promoters. PPF financing will also go to the activities under this subcomponent.

**c. Furnishings and equipment for study groups (US\$60,000)**

- 2.22 The program will finance the cost of furnishings and equipment for approximately 30% of the study groups, or those expected to meet elsewhere than in MECD facilities or in facilities not properly equipped. The basic equipment package consists of two tables and four folding benches, one gas and/or fluorescent lamp and one chalkboard.

**d. Learning assessment (US\$50,000)**

- 2.23 The program will finance technical assistance services to help the DECJA and the MECD Evaluation Office adapt and administer diagnostic entrance examinations and standard sixth grade achievement tests. PPF financing will also go to these activities. The program will also fund the printing of tests and outside technical assistance for evaluating the test scores.

**3. Component 3. Management support services and program monitoring system (US\$900,000)**

- 2.24 The objective of this component is to ensure that the program: (i) equals and surpasses the level of responsiveness, transparency and administrative efficiency that characterized the implementation of the PAEBANIC program; and (ii) has appropriate tools for monitoring ongoing activities and evaluating program performance or impact, based on the findings of the study of the PAEBANIC operational framework conducted as part of preparations for the Bank operation, and of all PAEBANIC administrative/financial, procurement and contracting, human resource and logistics management processes.<sup>16</sup>

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<sup>16</sup> Juan Carlos Araujo (2003), "Informe de consultoría sobre procesos administrativos-financieros del Programa de Educación Básica para Jóvenes y Adultos NI-0171 [Consultant's report on Youth and Adult Basic Education Program NI-0171 administrative/financial management processes]."

**a. Management system (US\$840,000)**

- 2.25 The program will finance the cost of technical assistance for the DECJA, DGIDT, and other MECD offices involved in implementing the program<sup>17</sup> in the following management areas: (i) administrative/financial management; (ii) human resource management; (iii) procurement and contracting; (iv) logistics, maintenance and inventory management; and (v) monitoring and evaluation. PPF financing will also go to these activities. The services of an administrative/financial management agency (AFMA) will be retained to assist the MECD with such processes as: (i) annual program budgeting activities based on physical cost assessments by DECJA technical staff; (ii) programming of quarterly budget execution and preparation of reprogramming requests for submission to the Investment and Cooperation Division (DGIC); (iii) preparation of financial statements, recording of accounting data, accounting control and budget performance monitoring; (iv) preparation of disbursement requests; and (v) preparation of program financial reports.
- 2.26 The AFMA will also assist the DECJA and the Human Resources Office with such processes as: (i) development of job descriptions and aptitude tests and the recruitment of personnel; (ii) hirings and dismissals; (iii) administration of the payroll for facilitators and promoters; (iv) the handling of financial assistance and travel allowances; (v) performance monitoring and evaluation. Technical assistance in the procurement and contracting area will support DECJA and MECD Procurement Unit procurement and contracting procedures for goods, works and consulting services. The AFMA will also assist the DECJA and departmental coordinators' offices with the following maintenance and inventory management processes: (i) inspections and maintenance of vehicles, motorcycles, etc. (ii) insurance formalities and control of fuel expenditures; (iii) the distribution and repair of furnishings and equipment and corresponding inventory control; (iv) the distribution of equipment to ABE study groups; and (v) warehouse management and supervision.
- 2.27 Performance of the services described in the preceding paragraphs is expected to help fully integrate MECD and AFMA program management processes. Table II-3 shows the relevant targets for the program implementation period. As part of this component, the program will finance two outside evaluations of program management to assess the progress made in meeting these and other targets. The first such evaluation, a midterm review, will be conducted once 50% of the financing has been disbursed; and the second, a final evaluation, once 90% of the financing has been disbursed.

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<sup>17</sup> The MECD Budget Office, Investment and Cooperation Division, Human Resources Office, Administration and Finance Office and Procurement Unit.

<b>Table II-3</b> <b>Management process integration</b>	
<b>Processes</b>	<b>Program targets</b>
<i>Integration of budgeting processes</i> Stakeholders: AFMA, DECJA, MECD Budget Office, DGCI.	Strengthen the budgeting and programming capabilities of the DECJA Planning and Coordination Unit (PCU). Ongoing involvement by the PCU in the completion of required forms for budgeting purposes.
<i>Integration of processes for the quarterly programming of expenditures</i> Stakeholders: AFMA, DECJA/ PCU, MECD Budget Office, DGCI	Control of programmed spending by groups of accounts under the chart of accounts for each expenditure item. Holding of regular quarterly meetings to discuss spending quotas for the period in question.
<i>Integration of human resource management processes</i> Stakeholders: AFMA, DECJA, MECD Human Resources Office	Implementation of the AFMA computerized payroll management system for facilitators, promoters and coordinators at the MECD Human Resources Office.
<i>Integration of procurement and contracting processes</i> Stakeholders: AFMA, DECJA, DGIDT, MECD Procurement Unit	Regular participation by the MECD Procurement Unit on the Procurements Committee, along with the AFMA, DECJA, and DGIDT.
<i>Integration of inventory management, distribution and warehousing processes for educational materials and equipment</i> Stakeholders: AFMA, DECJA, departmental coordinators' offices, MECD Administration Office	Take-over of the inventory management, distribution and warehousing process developed by the AFMA by departmental coordinators' offices, in conjunction with the MECD Administration Office.

#### **b. Program information system (US\$60,000)**

- 2.28 The program will finance the cost of technical assistance and equipment for implementation of a program information system including, without limitation, performance monitoring and evaluation data for components 1 and 2 and achievement test data. The information system will also include socioeconomic data on program beneficiaries and program financial performance indicators, indicators of progress toward program targets, indicators with respect to characteristics of ABE study groups and enrollment, attendance and dropout indicators, gender-based or otherwise, for the implementation of measures designed to boost female retention rates for study groups. PPF financing will also go to activities under this subcomponent.

#### **C. Cost and financing**

- 2.29 The estimated total cost of the program is US\$11.1 million, broken down as follows: (i) US\$10 million to be furnished by the Bank, drawn against the Fund for Special Operations (FSO), denominated in U.S. dollars; and (ii) US\$1.1 million in local counterpart funding by the government of Nicaragua. Table II-4 presents a breakdown of program costs by source of funding and expenditure item. FSO resources of up to US\$780,000 will be used to reimburse disbursements under the PPF (NI-L1003). At the borrower's request, sums undisbursed under the PPF may

be transferred to the investment categories also designated for PPF financing under this program.

Table II-4 Cost and Financing (in millions of U.S. dollars)				
Expenditure items		IDB	Local	Total
1.	Adult basic education	7.09	0.96	8.05
1.A	Expansion and strengthening of classroom-based ABE services	6.19	0.91	7.10
1.1	Educational resources	4.42	0.91	5.33
1.2	Training of technical staff, promoters and facilitators	0.59		0.59
1.3	Furnishings, equipment and infrastructure	0.44		0.44
1.4	Support for model implementation	0.53		0.53
1.5	Monitoring and assessment of learning outcomes	0.21		0.21
1.B	Basic job skills training modules	0.47		0.47
1.C	Pilot radio-assisted youth and adult basic education program	0.43	0.05	0.48
2.	Basic education (5th and 6th grade levels) for youths	0.81	0.07	0.88
2.1	Educational resources	0.62	0.07	0.69
2.2	Training of promoters and facilitators	0.08		0.08
2.3	Furnishings and equipment for study groups	0.06		0.06
2.4	Learning assessment	0.05		0.05
3.	Management support services and program monitoring system	0.90		0.90
3.1	Management system	0.84		0.84
3.2	Program information system	0.06		0.06
4.	Auditing	0.06		0.06
4.1	Outside auditing	0.06		0.06
Subtotal		8.86	1.03	9.89
5.	Contingencies	0.12		0.12
6.	Repayment of PPF	0.78		0.78
Extended subtotal		9.76	1.03	10.79
7.	Financing costs	0.24	0.07	0.31
7.1	Interest	0.14		0.14
7.2	Inspection and supervision	0.10		0.10
7.3	Credit fee		0.07	0.07
Total		10.00	1.10	11.10
Percentage share		90%	10%	100%

2.30 The terms and conditions of the loan are outlined below.

<b>Table II-5</b> <b>Terms and conditions of the loan</b>	
Source of financing:	Fund for Special Operations (FSO)
Currency:	U.S. dollars
Terms:	
Grace period	10 years
Amortization period	40 years
Disbursement period	Minimum: 3 years Maximum: 3.5 years
Interest rate	1% per annum throughout the grace period and 2% thereafter
Inspection and supervision	1% of the total amount of the loan
Credit fee	0.50% per annum on the undisbursed balance 12 months from the date of approval by the Board of Executive Directors.

### III. PROGRAM IMPLEMENTATION

#### A. Borrower and executing agency

- 3.1 The borrower will be the Republic of Nicaragua. The executing agency will be the Ministry of Education, Culture and Sports (MECD), assisted by its line offices.

#### B. Execution and disbursement periods

- 3.2 The program execution period will be three years and the disbursement period for the loan will be 3.5 years, both running from the effective date of the loan contract.

#### C. Implementation strategy

- 3.3 Given the dual challenge of expanding ABE coverage and making a number of innovations in such areas as educational materials, training, evaluation and job skills development, the advisable course of action is to replicate the mechanism responsible for the successful implementation of the PAEBANIC program by the MECD, which was backed up by management support services in the administrative/financial, human resources, procurement and contracting and logistics, maintenance and inventory management areas furnished by the Managua Office of the OEI serving in the capacity of an administrative/financial management agency (AFMA).
- 3.4 The Bank program will be implemented as part of the current MECD organizational structure, via the Youth and Adult Continuing Education Office [DECJA] and the Technological Innovation and Development Office [DGIDT], whose technical capabilities for the performance of their assigned tasks under each program component will be shored up with the help of consultants with local experience, hired with program funding.
- 3.5 The DECJA will be responsible for the technical aspects and overall financial management of **Subcomponent 1.A (Expansion and strengthening of classroom-based ABE services), Subcomponent 1.B (Basic job skills training modules), Component 2 (Basic education (5th and 6th grade levels) for youths) and Component 3 (Management support and program monitoring system)**. The DGIDT will be responsible for the technical aspects and overall financial management of **Subcomponent 1.C (Pilot radio-assisted youth and adult basic education program)**.
- 3.6 The borrower, via the DECJA and DGIDT, will be responsible for: (i) maintaining separate special bank accounts for the administration of Bank and local counterpart funding; (ii) submitting disbursement requests and supporting documentation for allowable expenses; (iii) implementing and maintaining appropriate contract

- administration, financial management and internal control systems for the administration of Bank and local counterpart funding meeting Bank requirements; (iv) preparing program financial reports, audited financial statements and other related documents for submission to the Bank; (v) maintaining an appropriate filing system for supporting documents for allowable expenses for verification by the Bank and outside auditors; (vi) drawing up annual plans of operations and annual program performance monitoring reports; (vii) procurement and contracting for goods, works and consulting services and authorizing corresponding payments; and (viii) monitoring compliance with the terms and conditions of the loan contract. The DECJA and DGIDT will retain the services of an AFMA to provide expert assistance for the performance of these tasks. As an exception to the rule requiring the use of competitive bidding for the hiring of consultants, it is recommended that the Board of Executive Directors authorize direct contracting of OEI's Managua Office as the AFMA for this program. In addition to the provisions specific to such agreements, the contract entered into between the MECD and OEI will contain provisions for proper execution of the loan contract and require OEI to satisfy its obligations to support the MECD, in accordance with Bank policies and procedures (see paragraph 3.22).
- 3.7 The AFMA will also provide technical assistance to the DECJA and DGIDT in connection with: (i) procurement of goods and contracting procedures for works and consulting services; (ii) the screening and hiring of facilitators under letters of commitment and the screening and hiring of ABE promoters, facilitators and coordinators for the radio-assisted education program; (iii) the management of employee payrolls; (iv) the administration of financial assistance and travel allowances; and (v) performance monitoring and evaluation for program personnel. It will also assist the DECJA with logistics, maintenance and inventory management, including: (i) vehicle inspections and maintenance and the distribution, repair and inventory control of furnishings and equipment; (ii) the distribution of materials and equipment to study groups; and (iii) the management of warehouse and storage facilities.
- 3.8 The director of the DECJA will be the direct liaison with the MECD Education Office and Office of the Minister for general program management purposes and will coordinate program operations with MECD offices and departmental and municipal authorities involved. The DECJA has restructured its headquarters staff into four technical units for program implementation purposes: a Planning and Coordination Unit (PCU), an Educational Research and Development Unit (UIDE), a Monitoring and Evaluation Unit (MEU), and a field operations unit (UOT).
- 3.9 The PCU's duties will include the formulation of annual plans of operations for the DECJA in conjunction with the AFMA. It will also help strengthen coordination with other MECD units and the AFMA and issue recommendations for decision-making purposes based on reports from the MEU. The UIDE will set standards for and coordinate curriculum development activities, orientation and training activities

for different program stakeholders, the development and publication of educational materials, etc. The duties of the MEU will include coordinating the development and administration of performance monitoring and evaluation procedures and tools for students and all levels of program personnel with logistical support and assistance from the AFMA. The duties of the UOT will include the coordination of operations at the departmental and local levels and helping headquarters units to interact effectively with departmental-level technical teams (departmental coordinator and administrative and education services promoters) and municipal-level personnel (municipal promoters and facilitators).

- 3.10 The DGIDT is headed by the Director of Technological Innovation and Development. The Radio-Assisted Education Bureau reports directly to the DGIDT and has two departments: (i) a logistics and planning department whose duties include coordinating municipal level operations with coordinators and facilitators; and (ii) an academic department in charge of updating curricula, orientation and training activities for coordinators and facilitators and coordinating the development and publication of educational materials.

#### **D. Implementation mechanism**

- 3.11 Program implementation will be governed by the Operating Regulations and the annexes thereto establishing rules and procedures for conducting activities under each component and the duties and obligations of the executing agency and its various offices. The Operating Regulations establish specific eligibility criteria for activities qualifying for program funding and performance criteria for all program components. The annexes to the Operating Regulations contain: (i) a detailed description of the duties and functions of each DECJA and DGIDT technical team, along with terms of reference for job positions and profiles for individual technical staff; and (ii) a description of all phases of administrative/financial management, human resource management, procurement and contracting and maintenance and inventory management processes involving the AFMA and MECD offices taking part in the program. The main features of the implementation mechanism for program activities under each component are described in the following paragraphs.
- 3.12 **Component 1. Adult basic education.** Activities under **Subcomponent 1.A (Expansion and strengthening of classroom-based ABE services)** will be coordinated by the DECJA. ABE study groups open to persons over 15 years of age will be organized and conducted by facilitators. Municipal promoters, each in charge of some 17 or so study groups, will coordinate student enrollment, make bimonthly visits to each study group to supervise teaching activities and coordinate facilitator training with the education services promoter based at the departmental coordinator's office. They will also work with facilitators to coordinate the administration of entrance and final examinations to students at each level of ABE. The administrative services promoter, who is also based at departmental headquarters, will be responsible for coordinating enrollment, arranging for timely

- deliveries of materials, educational resources and financial assistance, to ensure successful program implementation within his or her jurisdiction, drawing up progress reports and keeping up-to-date records on all study groups, facilitators, students and funds for which he or she is accountable. The departmental team of promoters, consisting of one administrative services promoter and a maximum of one education services promoter for each ten municipal promoters, will be supervised by the departmental coordinator whose main duty is to coordinate ABE activities within his or her jurisdiction. The coordinator will report to the DECJA/UOT with respect to all technical matters. The DECJA will be in charge of recruiting facilitators and promoters in conjunction with the departmental teams, with technical assistance from the AFMA in all phases of the recruitment process.
- 3.13 The UIDE Curriculum and Materials Sections will be in charge of approving workbooks and exercise books, teaching and learning guides and manuals. The AFMA will support the MECD in the bidding process for the procurement of workbooks, exercise books, guides, manuals, kits of basic educational supplies and materials for students, facilitators and promoters in ABE study groups and adult education centers and packages of teaching materials for study groups, including mini-libraries, for which purpose the AFMA will agree upon bidding conditions with the DECJA through the UIDE. Lastly, the AFMA will assist the MECD in distributing these materials, according to plans worked out with the UOT.
- 3.14 Academic training and supervision for ABE facilitators and adult education center instructors under this subcomponent will be provided by the departmental education services promoter and municipal promoters who, in turn, will be duly trained by UIDE technical staff based at headquarters. The AFMA will support the MECD in the bidding process for the construction of infrastructure (warehouse facilities) and procurements of furnishings and equipment for study groups and departmental offices, for which purpose the AFMA will agree upon bidding conditions with the DECJA. The AFMA also will support the MECD in the bidding process for specialized technical assistance services for the updating of workbooks, guides, manuals and tools for measuring student achievement, the printing of tests, the training of promoters and facilitators in testing procedures, on-site supervision and the analysis of test scores, for which purpose the AFMA will agree upon bidding conditions with the DECJA.
- 3.15 Activities under **Subcomponent 1.B (Basic job skills training modules)** will be coordinated by the DECJA/UIDE. These basic skills development modules will be administered by facilitators at levels II and III of classroom-based nonformal ABE and by adult education center instructors at levels II and III of formal ABE. The facilitators and instructors will be trained by mid-level DECJA personnel, education services promoters and municipal promoters, who, in turn, will be trained by UIDE technical staff based at headquarters. The AFMA will support the MECD in the bidding process for the publication and printing of guides, workbooks and textbooks, for which purpose the AFMA will agree upon bidding conditions with

the DECJA. The materials will be distributed by the UOT with assistance from the AFMA.

- 3.16 Activities under **Subcomponent 1.C (Pilot radio-assisted youth and adult basic education program)** will be coordinated by the DGIDT. Weekly class sessions for groups of roughly 25 students open to youths over the age of 14 will be organized and conducted by facilitators at radio-assisted education centers (CER). Municipal coordinators will coordinate enrollment, visit each CER at least once a month to supervise teaching activities, evaluate the performance of facilitators and administer student achievement tests with the assistance of technical staff from the DGIDT academic department. They will also arrange for timely deliveries of materials, educational resources and financial assistance to ensure successful program implementation within their jurisdiction, draw up progress reports and keep up-to-date records on all CERs, facilitators, students and resources for which they are accountable. The AFMA will support the MECD in the bidding process for the printing of textbooks, manuals and achievement tests, procurements of audio and audiovisual training equipment for coordinators and facilitators and radio programs for broadcasting by local stations, for which purpose the AFMA will agree upon bidding conditions with the DECJA.
- 3.17 **Component 2. Basic education (5th and 6th grade levels) for youths.** Activities under this component will be coordinated by the DECJA. These study groups will be open to youths between 10 and 15 years of age. Municipal promoters will coordinate student enrollment and training of facilitators with the assistance of departmental technical staff and make bimonthly visits to each study group to supervise teaching activities. The departmental education management promoter will ensure timely deliveries of educational materials, resources and financial assistance to ensure the successful implementation of program activities within his or her jurisdiction and keep up-to-date records on all study groups and personnel under his or her supervision. The DECJA will coordinate recruitment of promoters and facilitators in conjunction with each department, with the assistance of the AFMA. Promoters and facilitators are expected to come from among the ranks of regular primary school teachers.
- 3.18 The AFMA will support the MECD in the bidding process for the design, publication and printing of workbooks, exercise books, guides and manuals, for which purpose the AFMA will agree upon bidding conditions with the UIDE. The AFMA also will support the MECD in the bidding process for procurement of kits of educational supplies and materials for students, facilitators, promoters and study groups, including mini-libraries, and of corresponding furnishings and equipment, for which purpose the AFMA will agree upon bidding conditions with the DECJA. The AFMA will also assist the MECD in distributing these materials, according to plans worked out with the UOT. Academic training and supervision for facilitators will be provided under the same training system as for ABE study group personnel (see paragraph 3.14).

- 3.19 The UIDE Curriculum and Materials Sections will be in charge of making necessary adaptations in the teaching model for urban overage students. The AFMA will support the MECD in the bidding process for the design and printing of workbooks and exercise books and for procurement of educational materials, for which purpose the AFMA will agree upon bidding conditions with the DECJA. The AFMA will support the MECD in the bidding process for technical assistance services for the development and printing of tools for measuring student achievement, the training of promoters and facilitators in their administration, on-site supervision and the analysis of test scores, for which purpose the AFMA will enter into technical agreements with the MEU.
- 3.20 **Component 3. Management support and program monitoring system.** The program information system will be an essential program management and performance monitoring and evaluation tool. The AFMA will support the MECD in the bidding process for required technical assistance services in connection with its design, implementation, administration and regular oversight and the training of DECJA technical staff, for which purpose the AFMA will agree upon bidding conditions with the DECJA. The AFMA also will support the MECD in the bidding process for computer hardware procurement, for which purpose the AFMA will agree upon bidding conditions with the DECJA.

**E. Procurement of goods, works and consulting services**

- 3.21 The thresholds for the use of international competitive bidding are as follows: (i) construction contracts for works valued at or above the equivalent of US\$1 million; (ii) procurements of related goods and services valued at or above the equivalent of US\$250,000; and (iii) contracting for consulting services valued above US\$200,000. Smaller value procurements of goods, services and works will be subject to national legislation, provided it does not conflict with Bank policies. Coordinators for execution of subcomponent 1.C, facilitators, and promoters will be selected following a fixed budget method and procedure agreed upon by the borrower and the Bank, in accordance with Bank policies.

**F. Sole-source procurement**

- 3.22 It is recommended that the Board of Executive Directors authorize direct contracting with the OEI for the procurement of program-financed consulting services for the implementation of program activities under subcomponent 3.A. This recommendation is based on a comparative study of the qualifications and experience of the Managua office of the OEI and other agencies by the project team, which found the OEI to offer certain technical and institutional advantages including but not limited to the following: (i) solid evidence of having previously furnished the DECJA with expert administrative/financial, procurement and contracting, human resource and logistics management support services under the PAEBANIC program, which were pivotal to the success of the program

implementation mechanism to be replicated by the Bank program; (ii) the fact that the Managua office of the OEI has also helped strengthen the DECJA's credibility with respect to the efficient management of funding under its authority; (iii) the track record of the staff of the Managua office which, with the sole exception of the manager, is made up of local experts. This organization built a good working relationship with the MECD in implementing the PAEBANIC program, laying the foundation for providing continuity in follow-up services extending beyond the program implementation period; and (iv) its positive evaluations in similar projects on which it has worked with the Bank.

#### **G. Revolving fund and disbursements**

- 3.23 In keeping with current Bank regulations, the program will make use of a revolving fund, which is not to exceed 5% of the total loan amount.
- 3.24 Bank loan proceeds, channeled through the Central Bank of Nicaragua, and government counterpart funding will be deposited into special bank accounts administered by the MECD exclusively for program implementation purposes. Payments for procurement of goods, works and services will be made by the executing agency, with assistance from the AFMA. The cumulative expenditure or investment figures reflected in regular accounting performance reports are to include only allowable cost items as agreed to by the Bank. The executing agency, with the assistance of the AFMA, will keep on file originals and/or copies of all contracts, orders, invoices, receipts, payment vouchers, certificates from suppliers and any and all other required documentation to corroborate the information presented in its reports to the Bank. All such documentation is to be duly labeled and filed and made available for examination by authorized Bank officials and outside auditors at their request.
- 3.25 The disbursement schedule is presented below.

<b>Table III-1</b>				
<b>Proposed disbursement schedule for program funding (in millions of U.S. dollars)</b>				
<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
IDB	3.32	3.28	3.40	10.00
Local counterpart	0.29	0.41	0.40	1.10
Total	3.61	3.69	3.80	11.10

#### **H. Accounting and outside auditing**

- 3.26 The executing agency will set up and maintain appropriate accounts and records (see paragraph 3.6) in accordance with accepted accounting practices. The executing agency is to present the Bank with audited program financial statements within 120 days after the end of each year. An annual audit will be conducted by a

private firm of independent auditors acceptable to the Bank under terms of reference pre-approved by the Bank (document AF-400). The auditing firm is to be retained for a minimum of three (3) years, subject to a contract termination clause for unsatisfactory performance, based on Bank procurement procedures for outside auditing services (document AF-200). Fees for annual audits will be included as part of the program cost allocable to the Bank contribution.

**I. Program monitoring by the Bank during execution: reports, reviews, and annual plans of operations**

- 3.27 A program start-up workshop will be held within three months after the date on which the loan is declared eligible for disbursement. The MECD and the Bank will conduct joint annual reviews throughout the program execution period in the third quarter of each year to evaluate program performance for that year and reach agreements on any necessary adjustments. Prior to each review during the first 30 days of the last quarter of the year, the executing agency will furnish the Bank with an in-depth report on the status of each program component, as well as progress on the procurement plan and toward the yearly targets set in each annual plan of operations.
- 3.28 The annual reviews will focus on: (i) the progress made during the current year; (ii) the proposed annual plan of operations for the following year; (iii) budget requirements for implementation of the annual plan of operations for the following year; (iv) an evaluation of the efficiency of program management and coordination and any necessary adjustments.
- 3.29 The in-depth report must be accompanied by an annual plan of operations for the following program year that includes the procurement plan and targets for each component. The first annual plan of operations will be delivered with the borrower's inception report to the Bank.

**J. Condition fulfilled prior to submission to the Board of Executive Directors**

- 3.30 The MECD officially established the Technological Innovation and Development Office (DGIDT) prior to submission of the loan proposal to the Bank's Board of Executive Directors.

**K. Special conditions precedent to disbursements**

- 3.31 The special conditions precedent to disbursements will be as follows.

<b>Table III-2</b> <b>Special conditions</b>		
<b>Condition</b>	<b>Deadline for fulfillment</b>	<b>Means of verification</b>
Signature of a financial management and administration agreement by the MECD with the administrative/financial management agency under terms satisfactory to the Bank.	Prior to the first disbursement	Agreement entered into between AFMA and MECD under terms satisfactory to the Bank
Evidence of implementation of the program operating regulations.	Prior to the first disbursement	Ministerial order

#### **L. Midterm and final impact evaluations**

- 3.32 The program will finance the cost of a midterm evaluation to be conducted once 50% of the financing has been disbursed. The report will be based on: (i) findings of outside annual impact evaluations with respect to the learning outcomes of participants in study groups (see paragraphs 2.12 and 2.23) and the monitoring of data on enrollment, attendance, pass rates and retention; (ii) other program information system performance monitoring indicators; and (iii) the first round of outside evaluation of program management.
- 3.33 A second evaluation of program management and final impact evaluation will be conducted once 90% of the financing has been disbursed. The report will have the same structure as the midterm evaluation. The nature of the program is such as to allow for tracer studies of different cohorts of graduates of basic education programs, making it possible to measure the impact of program activities on beneficiaries throughout the program execution period. The MECD will be able to conduct ex post evaluations of the program based on standard entrance and final examination data for each level of basic education and program information system data.

#### **M. Retroactive financing of expenditures**

- 3.34 With the Bank's approval, part of the loan proceeds, up to the equivalent of US\$500,000, may be used for the reimbursement of program-related expenditures by the DECJA in connection with its preparations for the academic year beginning in February 2004 and, more specifically, expenditures on: (i) school supply kits, including resource materials for facilitators and students; (ii) furnishings for study groups; (iii) the printing of textbooks; (iv) the outreach campaign for the youth and adult basic education program; and (v) supporting technical assistance services for start-up activities for implementation of the youth and adult basic education program. Such costs must have been incurred in line with applicable Bank policy, prior to the program's approval by the Bank's Board of Executive Directors, and after 1 September 2003.

## IV. FEASIBILITY, BENEFITS AND RISKS

### A. Institutional feasibility

- 4.1 The program's institutional feasibility hinges on strengthening the technical capabilities of the DECJA and DGIDT, with emphasis on their teaching, planning and monitoring capabilities with respect to ABE activities. The efficiency of administrative/financial, procurement, human resource and logistics management processes will be guaranteed by the retention of outside technical assistance services to streamline corresponding procedures while, at the same time, ensuring the involvement of appropriate line offices in key stages of such processes.
- 4.2 The program will reinforce the organizational structure of the MECD, strengthening the internal technical capabilities of all units involved in program implementation (MECD headquarters, departmental coordinators' offices and the network of municipal promoters) to enable them to discharge their assigned duties under each component. It will capitalize on the experience gleaned by the DECJA and its departmental coordinators' offices in conducting the PAEBANIC program and the expertise developed by these offices over the past six years with support and assistance from the Spanish International Cooperation Agency [AECI]. Accordingly, to avoid establishing parallel structures at the Ministry level, special teams have been formed at the office level for the implementation and monitoring of corresponding program components and subcomponents. The DECJA's 18-member technical staff at headquarters level will be reinforced by the hiring of six full-time consultants with local experience. The hiring of part-time consultants with international experience to collaborate with in-house experts should increase the likelihood of the successful implementation of educational models and basic job skills training modules and strengthen the institutional capacity of MECD technical units.

### B. Benefits

- 4.3 *Higher average educational level and earned income of young adults.* The expansion and strengthening of ABE services are expected to have a positive impact on the average educational level of the Nicaraguan population. Table IV-1 shows the projected impact of component 1 on the average level of educational attainment of the population aged 15 to 30, among other expected outcomes.<sup>18</sup> The simulation is based on the following assumptions: (i) enrollments of participants in ABE activities are evenly distributed across all three levels; (ii) 70% of all participants enrolled in ABE activities are between 15 and 30 years of age; and

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<sup>18</sup> Independent calculations based on the 2001 National Living Standards Measurement Survey (ENMNVS) and population projections of the National Statistics and Census Institute (INEC).

(iii) the average private return on each additional year of education is 8.1%.<sup>19</sup> The differences in the three scenarios presented in the table are attributable to variation in the pass rate for participants in the three levels of ABE within a range consistent with program objectives.

<b>Table IV-1</b>			
<b>Impact of the strengthening and expansion of ABE services on the population aged 15 to 30</b>			
	<b>Scenarios</b>		
Pass rate (% of original enrollments)	75%	80%	85%
<b>Projected average impact:</b>			
Average level of educational attainment (years)	0.13	0.15	0.17
Average level of educational attainment among the poor (years)	0.19	0.21	0.23
Percentage of the population aged 15-30 finishing primary school (percentage points)	1.91	2.10	2.23
Average hourly income earned by the poor (%)	4.0%	4.4%	4.5%

4.4 Given the distinctively incremental and self-targeting nature of the program its impact on the educational level of the poorest segments of the population is expected to be close to double its average impact. Moreover, since there are likely to be larger numbers of study groups at ABE level III than at levels I and II, the actual increase in the percentage of the population finishing primary school should be even larger than indicated in table IV-1. The magnitude of the anticipated improvement in the average educational level is even greater when compared with the 0.4 year increase in the average level of educational attainment of the Nicaraguan population over the period between 1993 and 2001,<sup>20</sup> considering how: (i) Nicaraguan government spending on regular primary education during that same period was at least thirty times more than the value of program funding, in real terms; and (ii) the per student cost of ABE should be approximately 45% less than the cost of formal basic education, even with program-funded improvements in ABE service quality.

4.5 *Gender equity and intergenerational impact.* The share of female participants in ABE study groups in rural areas is considerably lower than in urban areas. There is evidence that retention rates for female participants in ABE study groups at levels II and III are lower than for males, particularly in rural areas, likely for reasons having to do with social conventions. Accordingly, the program makes a special effort to raise awareness of gender issues in the design of educational materials and as part of training activities. International experience has demonstrated the major direct and indirect benefits of participation by women in ABE programs. Direct benefits include greater self-esteem and community involvement. Indirect benefits include: (i) improvements in family health and nutrition practices; and (ii) a better

<sup>19</sup> Diana Kruger (2001), "Tasas de retorno de la educación en Nicaragua [Rates of Return of Education in Nicaragua]," World Bank.

<sup>20</sup> MECD (2002), Statistical appendices to the official report on the "Education for All" initiative.

appreciation of the importance of educating their children. All other factors being equal, the probability of a child in Nicaragua attending school is 7 percentage points higher if the mother can read and write. The impact on the poor is even greater, at close to 10 percentage points. Thus, ABE has the potential to improve investment in at least two generations of human capital through a single intervention.

- 4.6 *Improvement in the job performance and income-earning capacity of graduates of ABE level III programs.* Scheduled interventions under subcomponent 1.B are expected to help improve the job performance of graduates of ABE level III programs. The basic job skills training modules should help participants in ABE activities apply their new skills and knowledge out in the working world.
- 4.7 *Higher educational attainment of youths between 10 and 15 years of age.* Program activities under component 2 are designed to boost fifth and sixth-grade enrollment rates for youths between the ages of 10 and 15 in rural areas of targeted municipios, which will have a major impact on the percentage of youths graduating from primary school. Given the large share of overage third and fourth graders in rural primary schools (47%), the program will introduce a special teaching model in its fifth and sixth grade level study groups based on the urban teaching model for overage students. The expectation is that 85% of participating youths will raise their average level of educational attainment by two years, resulting in their graduation from primary school. This achievement, in turn, is expected to raise their future hourly earned income by anywhere from 19% to 25%.

### **C. Social impact**

- 4.8 *Targeting of young adults who did not complete primary school.* The program recognizes the fact that, despite the improvements in Nicaragua's basic education system in the last ten years, over a third of the country's population between 15 and 30 years of age has not finished primary school. This constraint is hampering efforts to boost domestic factor productivity, since this segment of the population makes up over half the labor force. Accordingly, the program is designed to help expand and strengthen ABE services. Past experience has shown that such programs are, by nature, self-targeting to young adults in the poorest segments of the population. Moreover, the Bank assessment acknowledges the need to expand educational opportunities at the uppermost grade levels of the primary school system, to help improve the educational advancement of youths between 10 and 15 years of age. The fact that program interventions under component 2 target municipios with comparatively low transition rates between the fourth and fifth grade levels and comparatively large percentages of incomplete primary schools ensures that the main beneficiaries of activities under this component will be youths from the poorest segments of society.
- 4.9 This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document

AB-1704). Furthermore, the operation qualifies as a poverty-targeted investment (PTI). The rationale for its classification as a PTI has to do with the targeted sector (basic education).

**D. Environmental impact**

- 4.10 Program-funded activities are not expected to have any direct adverse environmental impact. The curriculum content for activities under component 1 includes environmental education.

**E. Risks**

- 4.11 **Educational innovations.** The educational innovations promoted by this program are designed to strengthen the organization and technical capabilities of participating local offices. There is a risk that the implementation of these reforms can be hampered by the absence of any real sense of ownership on the part of these local authorities. To minimize this risk, the DECJA took steps to ensure that departmental coordinators were directly involved in program preparatory work for purposes of establishing common ground for a dialogue with respect to these innovations. The program also provides for a training system specially designed to strengthen the technical and organizational capabilities of local authorities.
- 4.12 **Process integration.** The program includes provisions for the integration of selected administrative/financial, procurement and human resource management processes by the AFMA and the line offices involved in its implementation. The objective is to get these offices actively involved in key stages of these processes. However, there is a risk that this type of integration can interfere with the efficient, expeditious implementation of program activities. To mitigate this risk, preparations for the program included an in-depth study of each process and the framing of a viable process integration plan (see Table II-3). The program also provides for the AFMA to furnish technical assistance to interested offices for the implementation of this plan, whose progress will be evaluated as part of planned evaluations of program management.

## NICARAGUA

### YOUTH AND ADULT BASIC EDUCATION PROGRAM (NI-0171) PROGRAM STRUCTURE

Narrative summary	Indicators	Means of verification	Assumptions
<b>Goal relative to CP</b> Help the government to raise the educational level and productivity of Nicaraguan youths and adults.	Increase in factor productivity. Increase in the average educational level of Nicaraguans over 15 years of age.	Macroeconomic data Living Standards Measurement Surveys	Economic growth picks up; macroeconomic conditions remain stable.
<b>Purposes (impacts)</b> (i) Raise the level of educational attainment of adults who dropped out of the formal school system before completing their basic education; (ii) raise the level of educational attainment of youths under 15 years of age in rural areas; and (iii) strengthen the management, monitoring and impact evaluation system in the youth and adult basic education sector.	<i>All statistical data is to be gender-specific.</i> Increase in the graduation rate for each level of ABE from 82% to 86%. 10% improvement in proficiency levels in reading, writing and mathematics at each level of ABE compared with the control group (the same beneficiaries at the beginning of the academic year). Graduation from primary school by 85% of students enrolled in 5th and 6th grade level study groups.	Midterm (roughly 24 months into the program) and final (after roughly 36 months into the program) impact evaluation reports for components 1 and 2. Program information system including: (i) annual entrance and final examinations; (ii) basic socioeconomic data on beneficiaries.	The innovative features of the ABE model will have a positive effect on student learning outcomes.
<b>Outcomes</b> <i>Component 1. Adult basic education</i> <i>Subcomponent 1.A Expansion and strengthening of classroom-based ABE services</i> Expansion in the number of ABE study groups and innovations in the teaching model for ABE: (i) use of new materials by promoters, facilitators and students; (ii) participation by program personnel in training activities; (iii) facilitators receive follow-up education services; (iv) promotion is based on academic achievement; and (v) facilitators are given effective supervision and guidance by promoters and experts at headquarters.	Average of 2,500 study groups in the first two years; 3,000 study groups in year 3 (with female participants accounting for at least 47% of total enrollments). Usage of the innovative features of the teaching model for ABE by all departmental coordinators' offices and study groups at the end of year two.	Program information system Midterm and final evaluation reports on program management, based on observations of study groups and a review of DECJA management at the central and departmental levels.	Departmental coordinators' offices and local program personnel (municipal promoters, facilitators) are actively involved in implementing the teaching model.

Narrative summary	Indicators	Means of verification	Assumptions
<p><i>Subcomponent 1.B Basic job skills training modules</i></p> <p>Administration of the basic job skills training modules by facilitators in study groups and adult education center (CEDA) instructors.</p> <p>Supervision of the administration of job training modules in study groups by municipal promoters.</p>	<p>Administration of the job training modules in 90% of ABE study groups at levels II and III as of year 1 and by 100% by the end of the program.</p> <p>Supervision of their administration by 90% of promoters as of year 2 of the program.</p>	<p>Midterm and final evaluation reports on program management and program information system.</p> <p>Midterm and final evaluations of program management and program information system.</p>	
<p><i>Subcomponent 1.C Pilot radio-assisted youth and adult basic education program</i></p> <p>Broadcasting of scheduled radio classes in targeted municipios. Implementation of the teaching module in radio-assisted education centers: (i) use of new materials by facilitators and students; (ii) participation by local personnel in training activities; (iii) facilitators receive follow-up education services; (iv) assessment of academic achievement; and (v) supervision of radio-assisted education centers by coordinators and experts at headquarters.</p>	<p>Establishment of 120 radio-assisted education centers in years 1 and 2, and of 240 centers by the end of the program.</p> <p>Use of the radio instruction model by 100% of radio education centers, starting in the first year of the program.</p>	<p>AFMA administrative/financial management system.</p> <p>Midterm evaluation report on program management, based on observations of radio education centers and a review of DGIDT management at the central and municipal levels.</p>	
<p><i>Component 2. Basic education (5th and 6th grade levels) for youths</i></p> <p>Implementation of the urban teaching model for overage students, adapted for use in rural areas in study groups for youths at the fifth and sixth grade levels.</p> <p>Implementation of the teaching model: (i) use of new materials by promoters, facilitators and students; (ii) facilitators and promoters participate in training activities and receive follow-up education services; (iii) promotion is based on measures of academic achievement; and (iv) effective supervision of facilitators.</p>	<p>Enrollment in 5th and 6th grade level study groups by 12,000 students having completed 4th grade in years 1 and 2, and by 22,000 students by the end of the program.</p> <p>Starting in year 2: (i) implementation of the teaching model by 100% of study groups for 5th and 6th grade students; (ii) active involvement in training activities by 90% of facilitators; (iii) administration of final examinations in 100% of study groups; (iv) effective supervision by 90% of promoters and experts at the municipal level.</p>	<p>Program information system.</p> <p>Midterm and final evaluation reports on program management and program information system.</p>	

Narrative summary	Indicators	Means of verification	Assumptions
<p><i>Component 3. Management support and program monitoring system</i></p> <p>Provision of support services to MECD offices by the AFMA for efficient administrative/financial, human resource, procurement and contracting and logistics management.</p> <p>Integration of selected management processes.</p> <p>Implementation of the program information system.</p>	<p>Positive evaluation of the technical assistance services rendered by the administrative/financial management agency (AFMA) retained by the MECD.</p> <p>Attainment of 100% of process integration plan targets (Table II-3) by year 3.</p> <p>Implementation of the program information system within six months from the start of the program.</p>	<p>Midterm and final evaluation reports on program management.</p> <p>Midterm and final evaluations of program management.</p> <p>Semiannual program information system reports.</p>	<p>The MECD and AFMA remain committed to implementation of the process integration plan.</p>
<p><b>Outputs</b></p> <p><i>Component 1. Adult basic education</i></p> <p><i>Subcomponent 1.A Expansion and strengthening of classroom-based ABE services</i></p> <p><i>a.</i> Educational resources: provide students and program personnel with educational inputs for implementation of the ABE model.</p> <p><i>b.</i> Training of technical staff, promoters and facilitators: Local training on implementation of the classroom-based ABE model.</p> <p><i>c.</i> Furnishings, equipment and infrastructure: furnishing and equipping of study groups, improvements in the work environment in offices at the departmental level and refurbishing of warehouse facilities.</p> <p><i>d.</i> Support for model implementation: strengthening of the capability of the DECJA and local personnel to supervise study groups.</p>	<p>Distribution of 815,000 workbooks (550,000 in years 1 and 2), 163,000 supply kits (110,000 in two years) and 2,750 packages of educational materials to study groups by the end of the program.</p> <p>Educational Research Unit (UIDE) in place and operational. Training each year of an average of: (i) 2,750 ABE facilitators; (ii) 356 CEDA instructors; (iii) 195 promoters and 17 ABE coordinators.</p> <p>Field Operations Unit (UOT) in place and operational. Equipping of 2,750 study groups by the end of the program. Equipping of 19 departmental coordinators' offices and construction of 5 warehouse facilities.</p> <p>20 visits a year to each of the 15 study groups assigned to each promoter. Weekly visits to study groups by promoters providing support services.</p>	<p>AFMA administrative/financial management system.</p> <p>AFMA administrative/financial management system.</p> <p>AFMA administrative/financial management system.</p> <p>AFMA administrative/financial management system and evaluation of program management.</p>	

Narrative summary	Indicators	Means of verification	Assumptions
e. Monitoring and assessment of learning outcomes: provision of assistance to the DECJA for the development of student achievement tests (entrance and final examinations), and design and implementation of an impact evaluation system for this component.	Monitoring and Evaluation Unit (MEU) in place and operational. Administration of achievement tests to 100% of students enrolling in and completing each level of ABE as of year 2. Annual processing of testing data, data analysis and report preparation.	AFMA administrative/financial management system and midterm and final evaluation reports on program management.	
<i>Subcomponent 1.B Basic job skills training modules</i> a. Basic job skills training modules: provision of materials to students, facilitators, ABE promoters and CEDA instructors and training of local program personnel for the administration of job training modules.	Distribution of 5,200 guides and 250,000 workbooks and textbooks (165,000 in years 1 and 2). Training of 3,000 facilitators, CEDA instructors and promoters in years 1 and 2 and 4,000 by the end of the program.	AFMA administrative/financial management system and midterm and final evaluation reports on program management.	
<i>Subcomponent 1.C Pilot radio-assisted youth and adult basic education program</i> a. Implementation of a pilot radio-assisted youth and adult basic education program, including printing and distribution of instructional materials, human resources training and learning assessment.	Distribution of 6,240 textbooks at the 1st through 6th grade levels in years 1 and 2, and 12,480 by the end of the program.  Administration of entrance and final examinations to all students as of the second year of the program.	AFMA administrative/financial management system and midterm and final evaluation reports on program management.	
<i>Component 2. Basic education (5th and 6th grade levels) for youths</i> a. Educational resources: Provision of educational inputs for model implementation to students and program personnel.  b. Regular training on the model to promoters and facilitators.  c. Provision of teaching materials and equipment to study groups.  d. Learning assessment: design and implementation of a learning assessment system.	Distribution of 110,000 workbooks (60,000 in years 1 and 2), 22,000 exercise books (12,000 in years 1 and 2) and 500 packages of teaching materials for study groups by the end of the program.  Training of an average of 350 facilitators and 24 municipal promoters per year.  Provision of a package of teaching materials and equipment to an average of 350 study groups a year.  Administration of achievement tests to 100% of incoming and outgoing students as of year 2. Annual processing of testing data, data analysis and report preparation as of year 2 of the program.	AFMA administrative/financial management system and midterm and final evaluations of program management.  AFMA administrative/financial management system.  AFMA administrative/financial management system.  Midterm and final evaluation reports on program management and program information system.	

Narrative summary	Indicators	Means of verification	Assumptions
<p><i>Component 3. Management support and program monitoring system</i></p> <p>a. Management system: provision of technical assistance services to the DECJA and other MECD offices involved in program implementation with respect to administrative/financial, human resource, procurement, contracting and logistics management processes and support process integration by the MECD.</p> <p>b. Program information system: provision of technical assistance to the DECJA for design and implementation of the program information system and required computer platform.</p>	<p>Retention of the AFMA and commencement of service delivery as of the date of the loan's eligibility for disbursement.</p> <p>Monitoring and Evaluation Unit (MEU) is operational. Design of data collection tools and information system with computer specifications. Installation of servers, hardware and software. Preparation of procedures manuals for the program information system.</p>	<p>Agreement entered into by the MECD and AFMA on terms satisfactory to the Bank.</p> <p>Program information system</p>	

**NICARAGUA**  
**YOUTH AND ADULT BASIC EDUCATION PROGRAM (NI-0171)**  
**PROCUREMENT PLAN**

Major procurements	Total value	Funding (%)		Procurement method	Prequalif.	Scheduled publication date of the SPN
		IDB	LOCAL			
<b>COMPONENT 1</b>						
Printing of textbooks, manuals, guides and workbooks (services)	1,025,008	100		LCB/ICB	YES	II/2004
Expendable educational supplies (goods)	542,810	100		LCB/S	NO	
Teaching materials, libraries (goods)	163,032	100		LCB/S	YES	II/2004
Furnishings and equipment (goods)	434,609	100		LCB/ICB/S	YES	II/2004
Infrastructure/warehouses (goods)	75,000	100		LCB/S	NO	
Support for model implementation (consulting services)	135,000	100		LCB	NO	
Vehicles (goods)	491,010	100		LCB/ICB	YES	III/2004
Radio programs (services)	36,000	100		LCB	NO	
Monitoring and assessment of learning outcomes (services)	211,120	100		ICB	YES	II/2004
<b>COMPONENT 2</b>						
Printing of textbooks, manuals, guides and workbooks (services)	83,734	100		LCB/ICB	YES	II/2004
Expendable educational supplies (goods)	65,089	100		LCB/S	NO	
Teaching materials, libraries (goods)	26,000	100		LCB/S	YES	II/2004
Furnishings and equipment for study circles (goods)	55,750	100		LCB/S	YES	II/2004
Monitoring and assessment of learning outcomes (services)	86,640	100		LCB	NO	II/2004
<b>COMPONENT 3</b>						
Administrative/financial management support (consulting services)	887,870	100		DC	NO	
Technical assistance for implementation of the program information system (consulting services)	30,800	100		S	NO	
Computer hardware for the program information system (goods)	29,126	100		S	NO	
Operations evaluation (consulting services)	50,000	100		LCB/S	NO	I/2005

International competitive bidding (ICB)  
Local competitive bidding (LCB)

Shopping (S)  
Direct contracting (DC)

**Goods and services**  
US\$250,000 and over  
US\$50,000 – US\$249,999

Up to US\$49,999

**Consulting services**  
US\$200,000 and over (firms)  
US\$50,000 - US\$199,999 (firms)  
US\$50,000 – US\$99,999 (indiv.)  
Up to US\$49,999